

Consensus General Fund Revenue Outlook

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Legislative Finance Committee
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Office of the Governor

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Outline

- Consensus Revenue Estimating Group Overview
- US/Global Macroeconomic Outlook
- New Mexico Macroeconomic Outlook
- Oil and Natural Gas Outlook
- Personal Income Tax (PIT)
- Gross Receipt Tax (GRT)
- Severance & Rents & Royalties
- General Fund Overview

Consensus Revenue Estimating Group

Participating Agencies

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U.S. & N.M. Baseline Forecasts

➤ **Moody's Analytics (November 2023 forecast)**

- The Federal Reserve continues to monitor key economic indicators to address inflation
 - Moody's does not expect further rate hikes and anticipates a federal funds rate cut every quarter starting next summer
- The U.S. labor market is holding up much better than expected and continues to add jobs with the forecast suggesting healthy moderation
- **“Moody's current baseline forecast does not include a recession but rather slower positive economic growth”**
 - Inflation will approach the Fed's target toward the end of 2024
- National GDP growth—spurred by consumer spending—is estimated to be stronger in 2024, but weaker growth in 2025

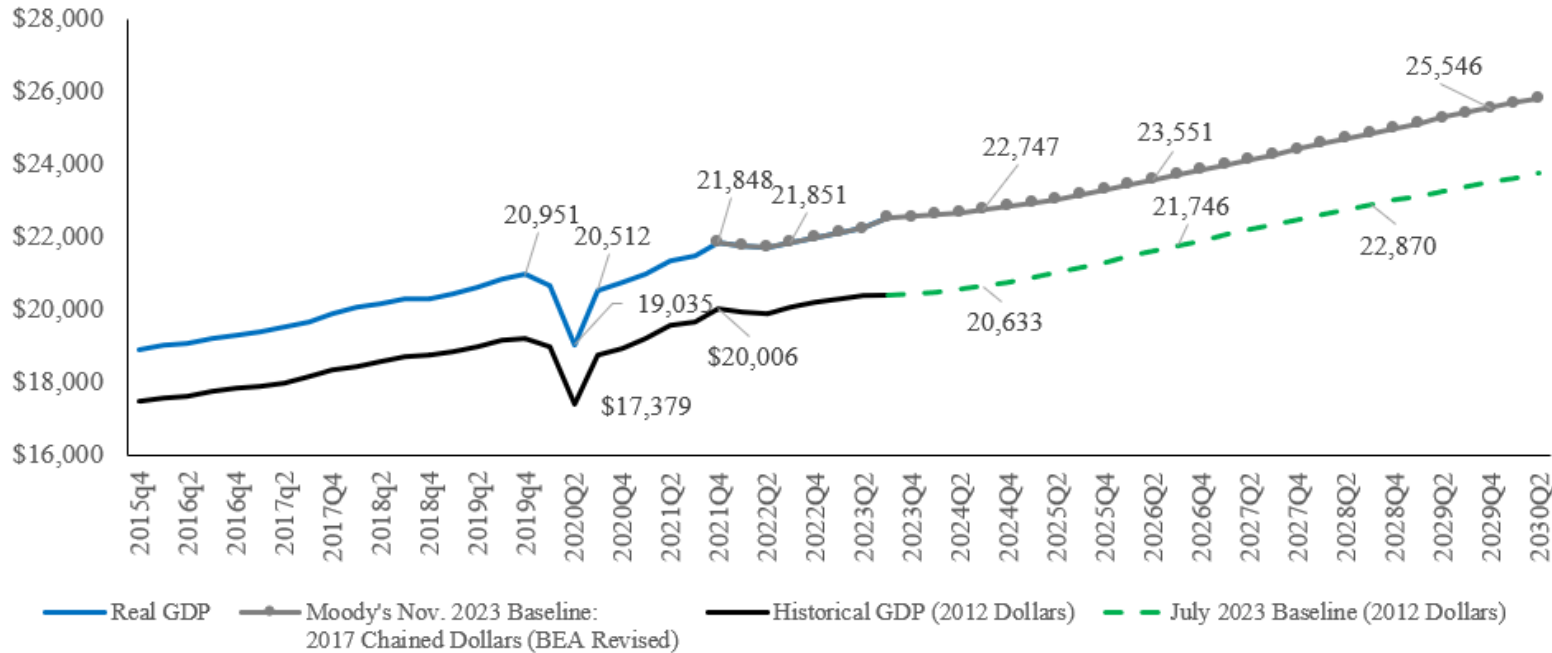
➤ **S&P Global (October 2023 forecast)**

- National GDP growth outlook increased for 2023 to 2.5% from 1.8% in July forecast. Expectations for GDP growth for 2024 and 2025 remain muted at 1.6% and 1.2%.
 - 2023 growth driven by continued resilience in consumer spending and strong net exports
- Continues to anticipate 2026 as the year to reach target inflation rate of 2.0%
- National unemployment rate to increase in 2024, peaking at 4.7% in 2026 coinciding with reaching target inflation rate
- Continues to anticipate Federal Reserve rate hikes by year-end to reach a range between 5.5% and 5.75%
- **With muted GDP growth in 2024, S&P speaks to a “growth recession”— continued positive growth, so not a recession, but below trend and increasing unemployment**

➤ **UNM BBER Quarterly Forecast (November 2023) does not include a recession in the baseline forecast and maintains slow employment growth in FY2025 and FY2026**

U.S. Real Gross Domestic Product

U.S. Real Gross Domestic Product: 2015 Q4 to 2023 Q3, Forecast 2023Q4-2030Q2
(billions of chained 2017 dollars)



Source: GDP in billions of chained 2017 dollars, retrieved from bea.gov.

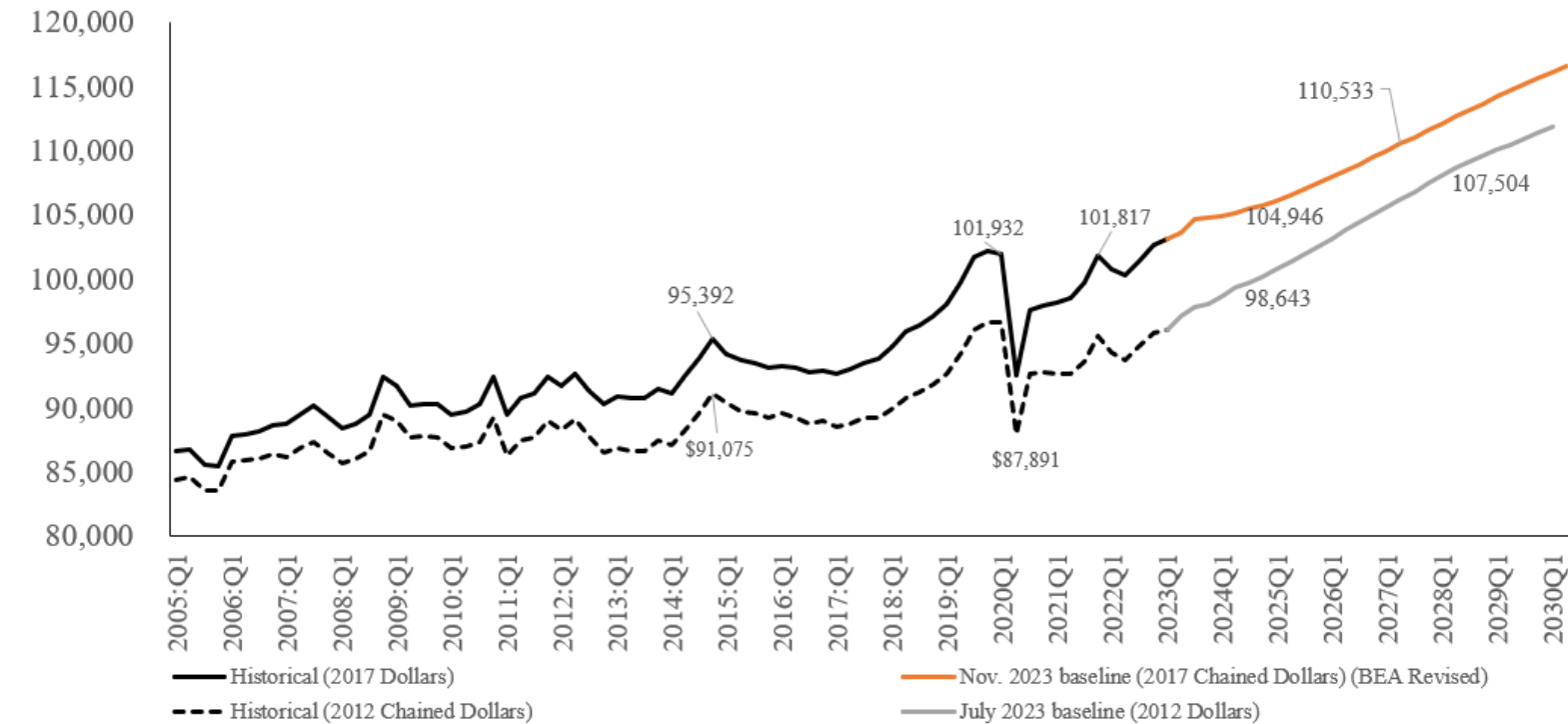
- Real Gross Domestic Product (RGDP) was revised to benchmark in 2017 dollars rather than 2012 dollars since the previous estimate
- Aside from the benchmark revision, the RGDP forecast improved very slightly over the August 2023 estimate
- RGDP increased by 5.2% in CY 2023 Q3 due to increases in:

- Consumer spending
- Nonresidential fixed investment
- Residential fixed investment
- State/local government spending
- Private inventory investment
- Federal government spending
- Exports/Imports

The forecasted growth rates for RGDP through CY24 average 1.2%

N.M. Real Gross State Product

New Mexico Real Gross Domestic Product 2014Q1-2023Q1, Moody's Forecasts 2023Q2-2030Q1



Source: Moody's July 2023 and November 2023 Baseline Scenario vs. Historical Values from the Bureau of Economic Analysis

➤ Benchmark year for New Mexico's RGSP was also revised from the previous estimate from 2012 to 2017 dollars

➤ Aside from the benchmark revision, the forecast calls for slightly more moderate growth over the August 2023 estimate

➤ New Mexico's annualized growth from 2022Q4 to 2023Q1 was 2.85%.

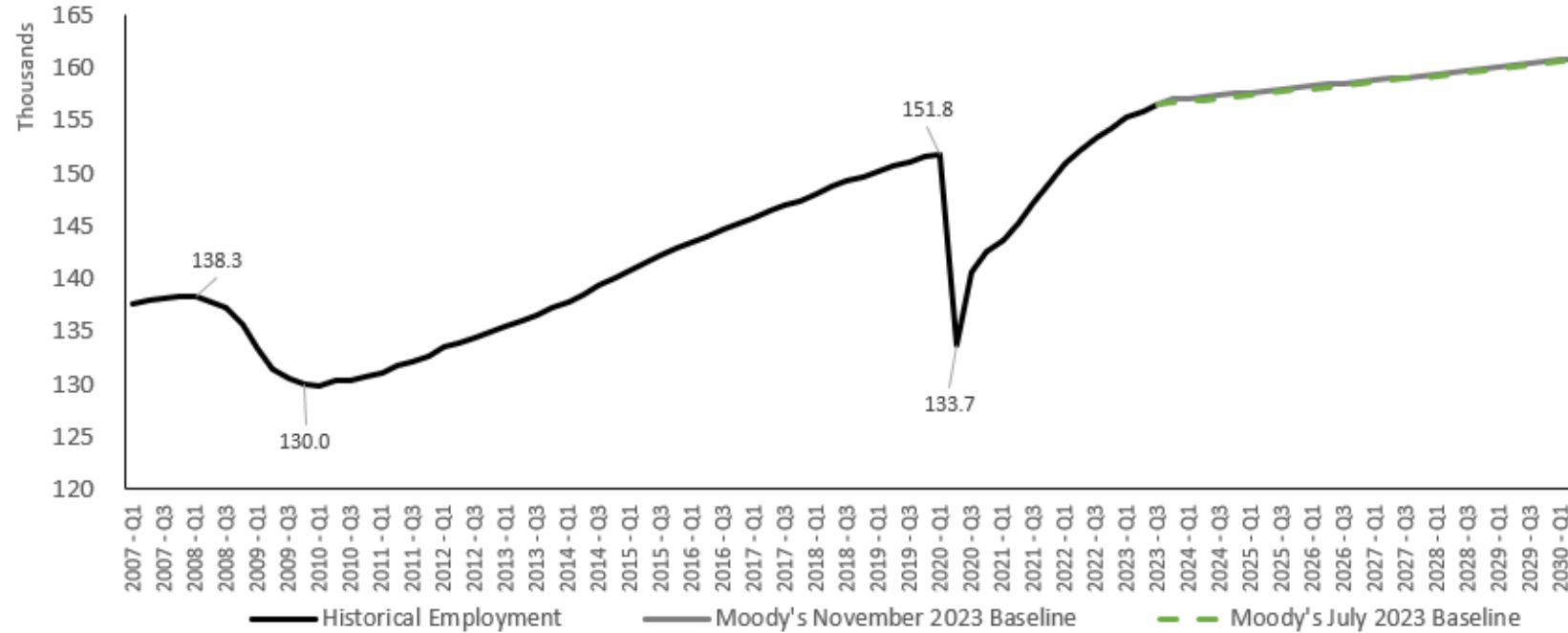
➤ Leading contributors to the growth were:

- Construction
- Retail Trade
- Information
- Government and government enterprises
- Health care and social services
- Arts, entertainment and recreation,

➤ The forecasted growth rates for RGSP through CY24 average 1.9%, slightly higher than the national rate of 1.2%

U.S. Total Non-Farm Employment

U.S. Total Non-Farm Employment: 2007Q1 to 2023Q2, Moody's Forecast 2023Q2 to 2030Q2
(1,000s of jobs)

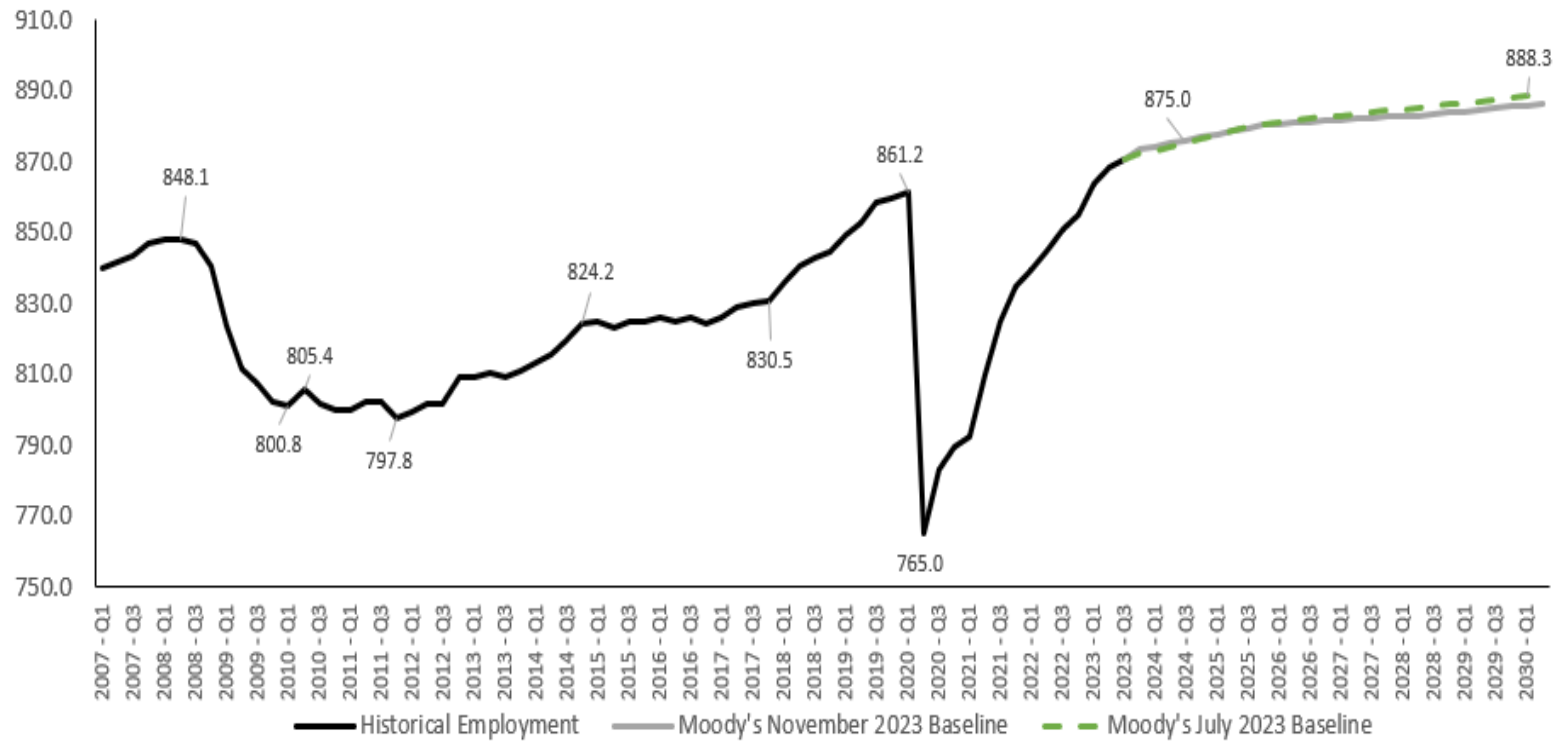


Source: Bureau of Labor Statistics

- Forecasted labor market growth is on par with the August 2023 forecast
- The U.S. labor market is showing signs of moderation
 - Total nonfarm employment increased by 150,000 in October 2023, compared to National monthly job growth averages +239,000 in 2023
- Employment gains occurred primarily in the following sectors:
 - Health Care
 - Social Assistance
 - Government

N.M. Total Non-Farm Employment

N.M.'s Quarterly Total Non-Employment: 2007Q1 to 2023Q1, Moody's Forecast 2023Q2 to 2030Q2
(1,000s of jobs)

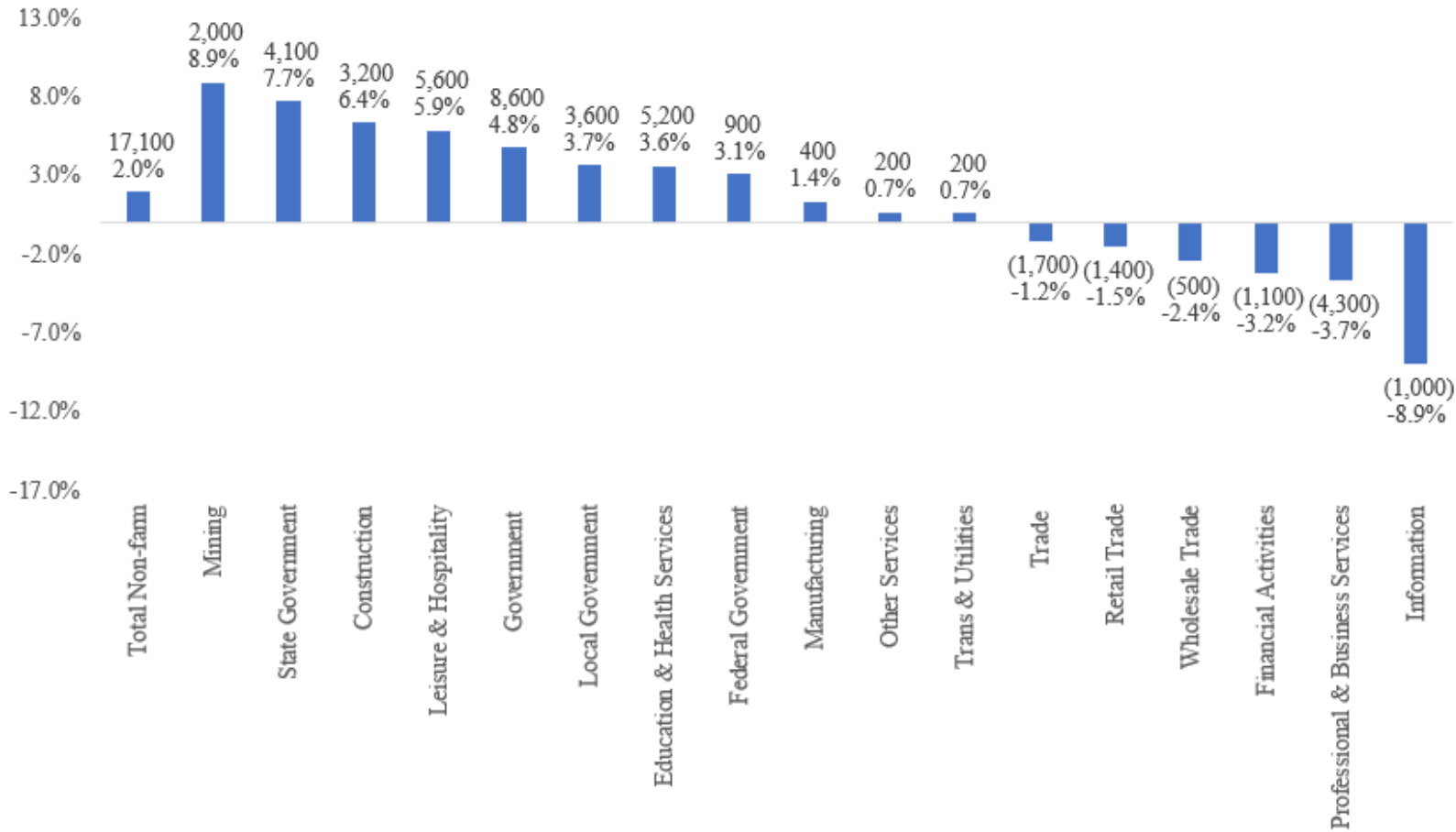


- Forecasted New Mexico employment is very slightly lower than in the previous estimate
- New Mexico's nonfarm employment growth averaged 1,670 jobs per month for CY 2023
- Employment grew by 2.5% in CY 2023 with projected growth slowing to 0.8% in CY 2024 and 0.4% in CY 2025 and 0.2% in CY 2026

Source: Bureau of Labor Statistics

N.M. Year-Over-Year Employment by Sector

Percent Change and Level Change in Non-Farm Employment in N.M. by Sector
October 2022 to October 2023



➤ New Mexico's employment grew by 2% (17,100 jobs) from October 2022 to October 2023

➤ Growth was across most sectors and notable gains were in:

- Mining (+2,000)
- State Government (+4,100)
- Construction (+3,200)
- Leisure and Hospitality (+5,600)

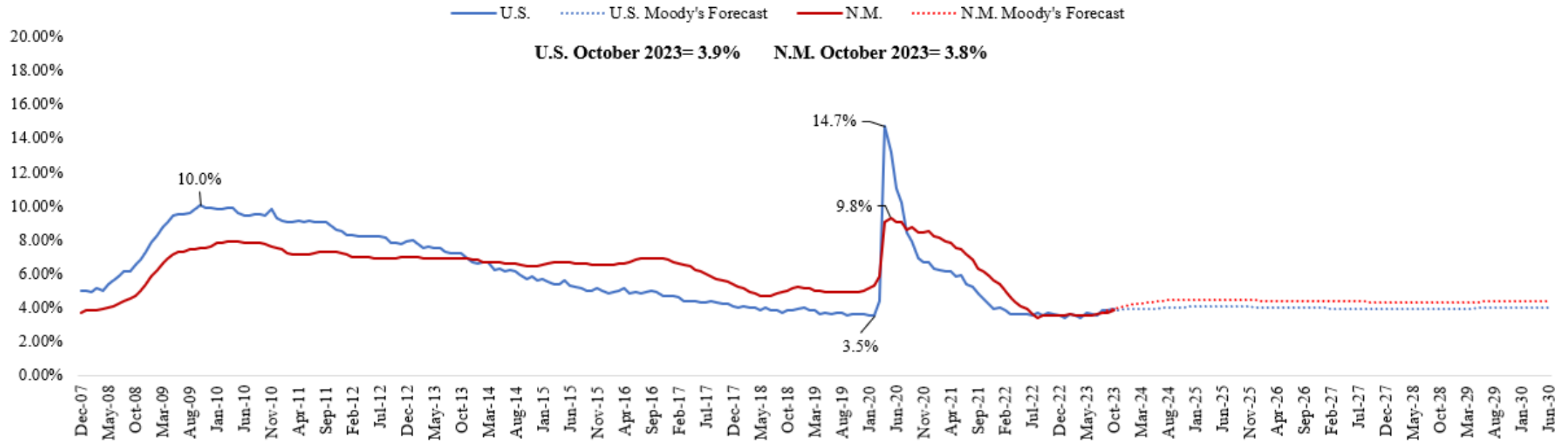
➤ Losses were in:

- Information (-1,000)
- Professional & Business Services (-4,300)
- Financial Activities (-1,100)

Source: bls.gov, CES seasonally adjusted

U.S. & N.M. Unemployment

U.S. and N.M. Unemployment Rate (percent) : December 2007 to June 2030

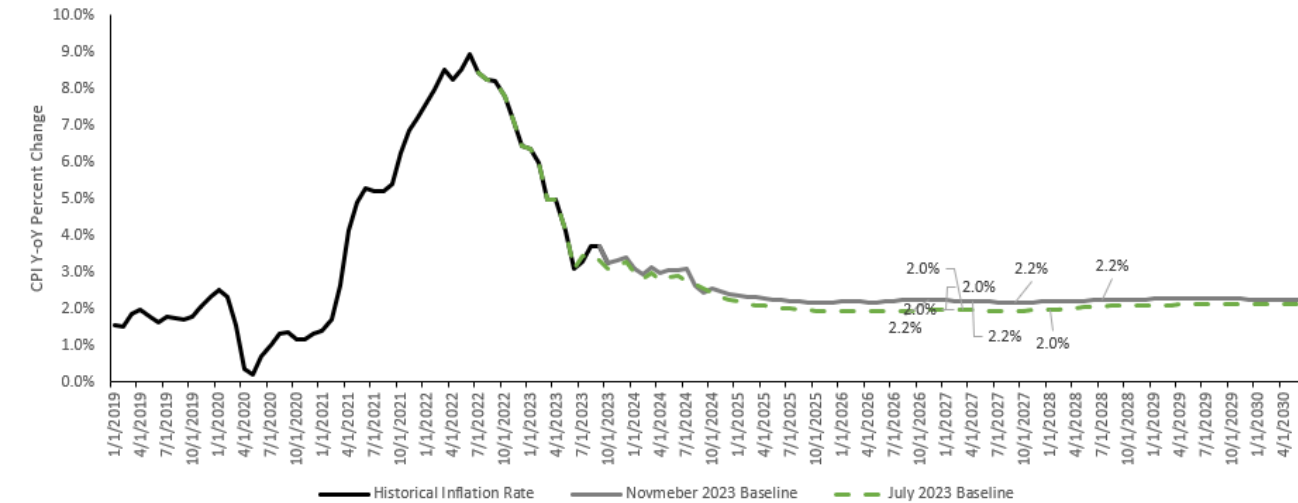


Source: bls.gov, seasonally adjusted

- New Mexico’s unemployment rate (3.8%) was on par with the nation’s unemployment rate in October 2023
- The State had a lower unemployment rate compared to Arizona (4.2%) and Texas (4.1%) in October 2023.
- New Mexico’s 2023Q3 unemployment rates by ethnicity were:
 - All: 3.7% White: 2.7% Hispanic: 4.1% Black: 5.3% Asian American and Pacific Islander: 3.0%
 - American Indian: 9.1%* (Census Bureau’s 2022 Estimate for NM)

Inflation and Interest Rates

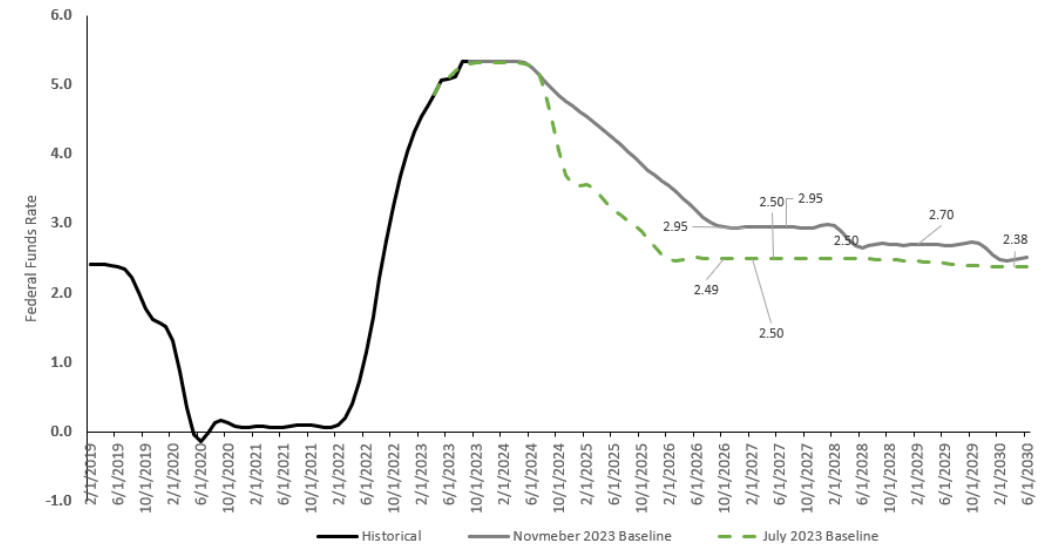
Consumer Price Index (CPI-all items) Year-over-year Change
January 2019 to June 2030



Source: Bureau of Labor Statistics

- The Consumer Price Index for all items increased by 3.2% compared to October 2022
 - The index for gasoline decreased by 5.3% compared to October 2022
 - The index for shelter continued to rise in October 2023 and is 6.7% higher than in October 2022

Federal Funds Rate
January 2019 to June 2030



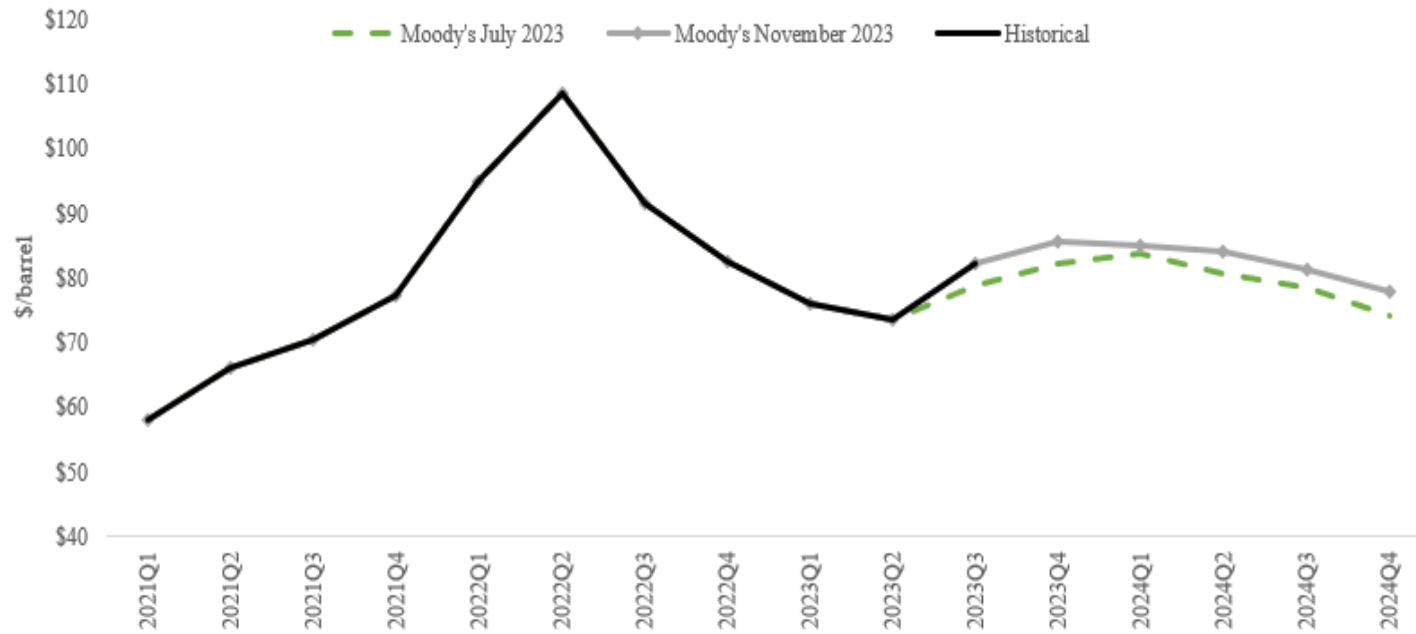
Source: Bureau of Labor Statistics

- The Fed's rate hike in July 2023 brought the target range to 5.25% to 5.5%
- Moody's anticipates the Fed will keep rates tight a little longer than expected in the August 2023 forecast as inflation continues to moderate

Oil & Natural Gas

Oil Prices

Moody's Analytics West Texas Intermediate (WTI) Price Forecasts



Source: Moody's Analytics

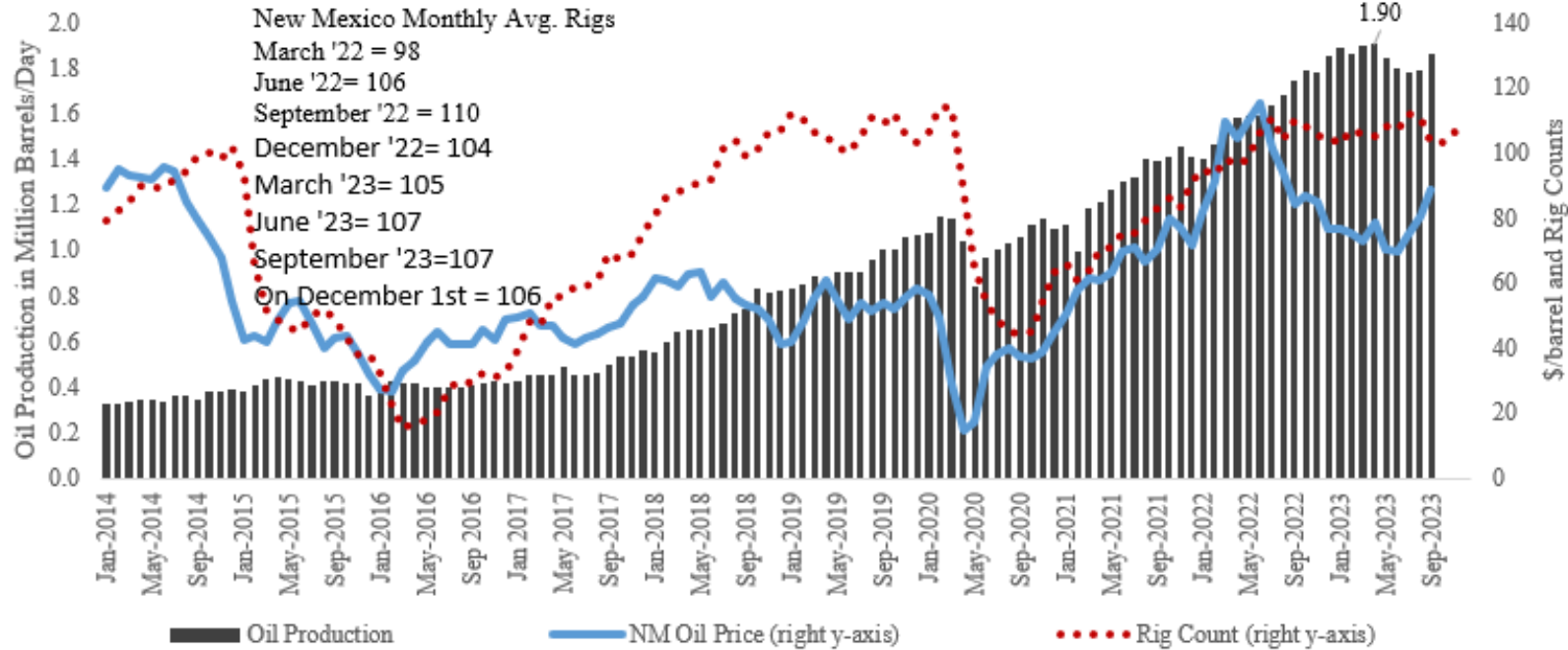
Consensus Forecast	FY23	FY24	FY25	FY26	FY27	FY28
December 2023 Estimate	\$ 80.65	\$ 79.50	\$ 75.00	\$ 69.50	\$ 69.00	\$ 69.00
August 2023 Estimate	\$ 80.50	\$ 74.50	\$ 73.00	\$ 71.00	\$ 70.00	\$ 70.00
Oil (\$/barrel)						

- Since the August 2023 estimate, the FY23 – FY25 oil price forecast has increased and the FY26 and beyond forecast has decreased
- Oil prices are dependent on oil demand, OPEC+ decisions, inventory levels, etc.
- The oil price forecast is up \$5.00/barrel in FY24, \$2.00/barrel in FY25, and down \$1.50/barrel in FY26
- Contributors to price expectations in CY23 and CY24 include:
 - OPEC+ cuts to maintain prices at higher levels
 - Slowing macroeconomic conditions
 - Uncertainty over Chinese economic growth and oil demand
 - Increased supply of North American oil
- Out-year N.M. oil prices are expected to average \$69/barrel as supply and demand forces balance and markets stabilize

New Mexico Oil Prices, Production, & Rigs

N.M. Oil Production (MMb/d), N.M. Oil Price (\$ per barrel), & N.M. Rig Count (number)

January 2014 to December 2023



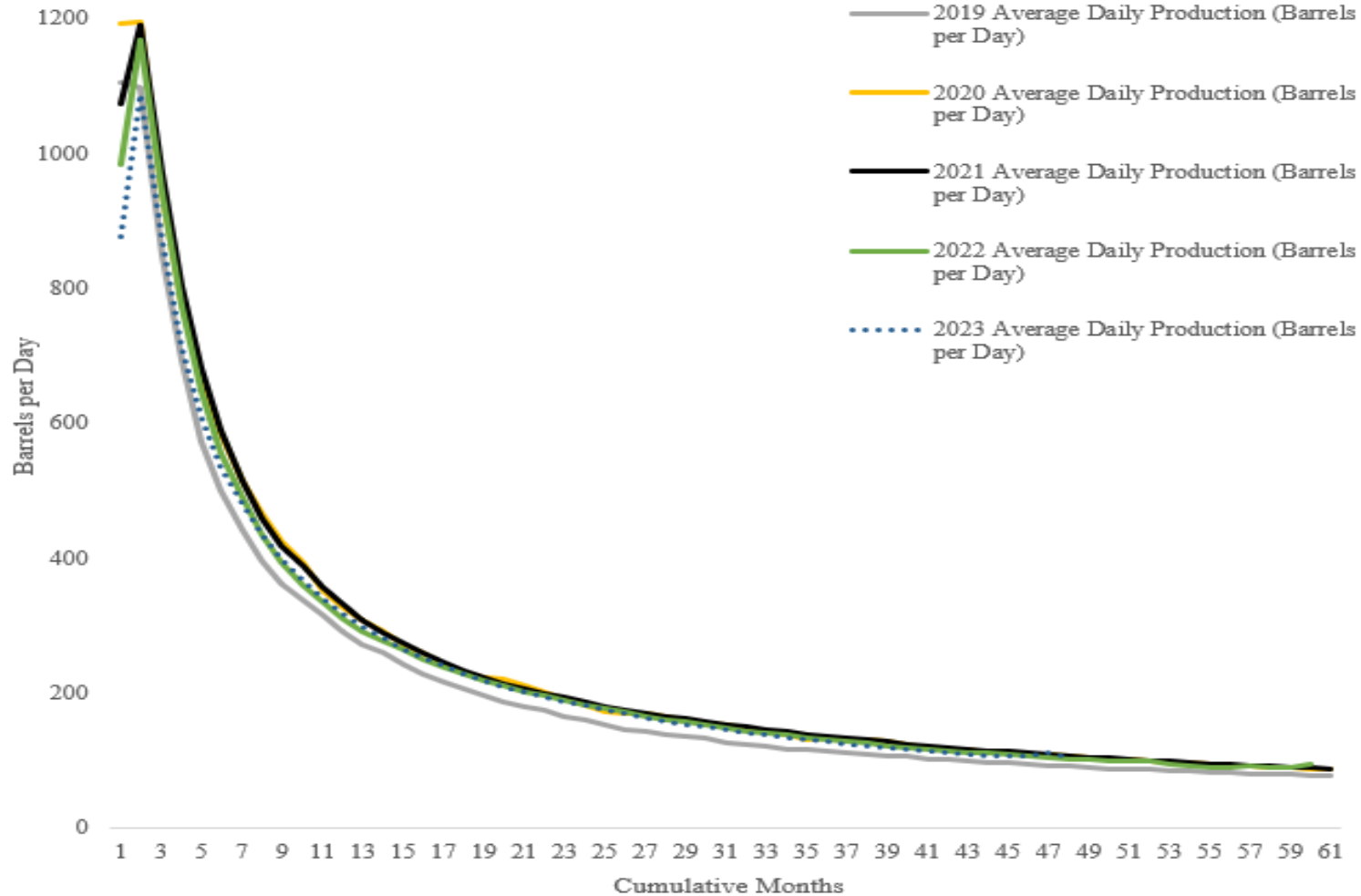
Source: Baker Hughes, TRD (Production and price through September 2023, Rigs through December 2023)

Consensus Forecast	FY23	FY24	FY25	FY26	FY27	FY28
December 2023 Estimate	657.5	685.0	710.0	725.0	735.0	745.0
August 2023 Estimate	658.7	695.0	725.0	760.0	775.0	785.0
Oil (million barrels)						

- Oil production forecast has declined since the August 2023 forecast
- New Mexico oil production in FY23 is a record high of 657.5 million barrels
- Rig count (red line) has remained above 100 rigs since June 2022 – currently 106
- In April 2023, New Mexico registered its highest oil production (1.9MMb/d) in state history (black bars)
- Production slowed during July and before rebounding in September
- Contributors to production expectations:
 - Evidence of lower well productivity due to development in non-core areas
 - Producers are focused on capital discipline and cash flow plans
 - Industry consolidation with mergers and acquisitions
 - Independent producers slow down
- Oil production forecast has decreased by 10 million barrels for FY24, 15 million in FY25, and 35 million in FY26

Factors Impacting New Mexico Production

New Mexico Average Well Curves by Start-up Year



Source: Rystad Energy

- Well productivity declining the last couple of years due to low grading acreage
 - An outcome generally coming from operators stepping up development activity across non-core areas amid surging oil and gas prices, effectively drilling and completing wells on positions that otherwise would be considered uncommercial
- Rystad Energy reports this is not unique to New Mexico
- New Mexico's part of the Permian still shows top performance in terms of rock quality

Factors Impacting New Mexico Production

Preliminary 2024 guidance for select companies

➤ Producers have communicated a commitment to capital discipline and financials rather than aggressive growth

Company	Item	2024 Guidance	2024/2023 organic change
Matador	Total production	150,000+ boepd*	Flat to low single digit % growth
SM	Oil production	67,600-70,100 bpd*	Low-to-mid single digit % growth
Chord	Oil production	99,000 bpd	Flat
Chord	Capital expenditures	\$900 million	Flat
Devon	Oil production	315,000 bpd	Single digit % decline to flat
Devon	Capital expenditures	\$3,450 million	Similar level of capital investment
CNX	Total production	1,589 MMcfd**	Flat to low single digit % growth
CNX	Capital expenditures	\$650 million	Similar level of capital investment
Civitas	Oil production	160,000 bpd	Flat to low single digit % growth

*Barrels of oil equivalent per day and barrels per day; **Million cubic feet per day

Source: Rystad Energy research and analysis

Factors Impacting New Mexico Production

➤ Mergers & Acquisitions

➤ Two large deals announced in October 2023

➤ ExxonMobil acquiring Pioneer Natural Resources - \$64.5 billion deal

➤ Chevron acquiring HESS - \$60 billion deal

➤ Private exploration and production companies acquired by larger public independents

➤ Tap Rock Resources

➤ Henry Resources

➤ Tall City Operations

➤ Hibernia Resources

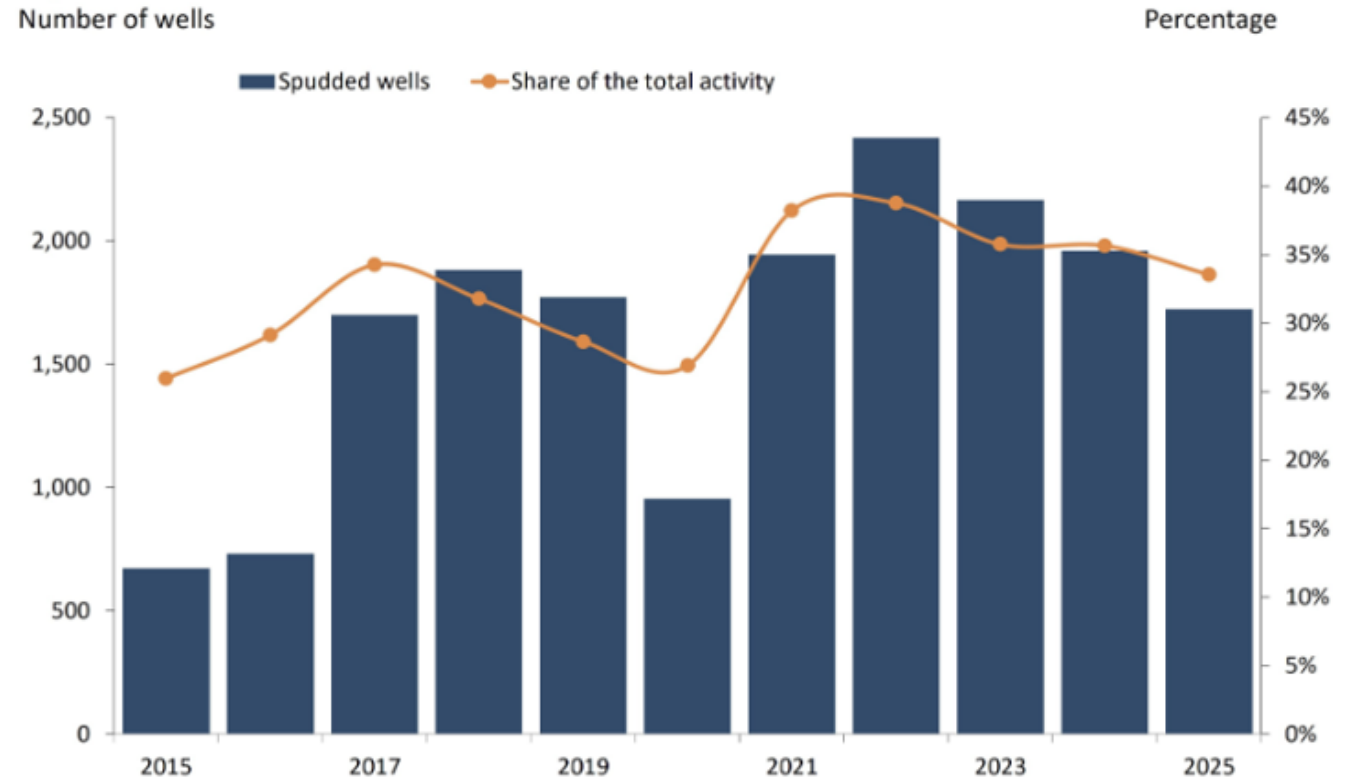
➤ Vencer Energy

➤ Private exploration/production stalls in 2023

➤ Moderating oil prices, supply chain bottlenecks, and inflation have caused private producers to slow

➤ Slowdown expected to continue into 2024 and 2025

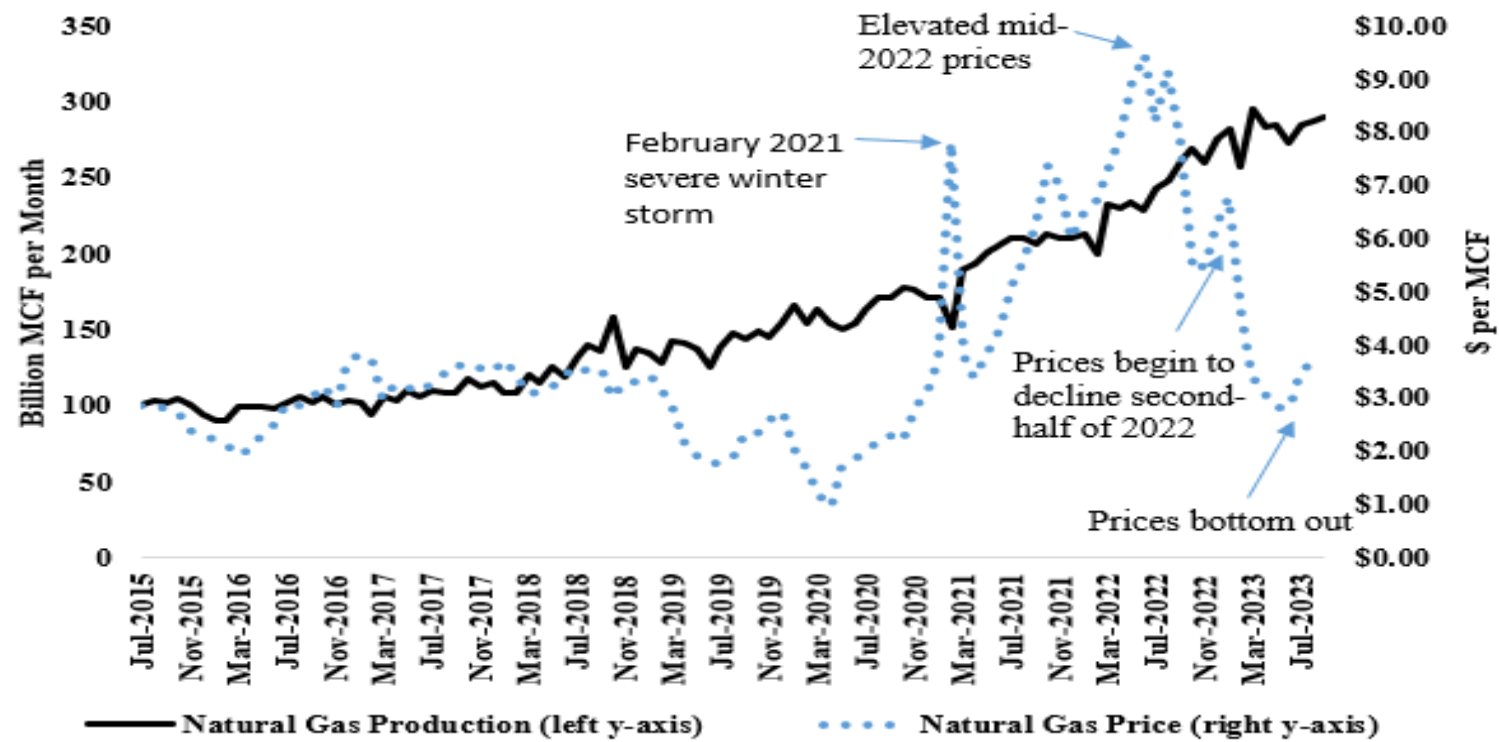
Drilling activity by private companies in the Permian and share of the total



Source: Rystad Energy UCube

New Mexico Natural Gas Prices & Production

**New Mexico Natural Gas Prices and Production
July 2015 to September 2023**



- New Mexico natural gas production (black line) is increased to a high of 3,234 bcf for FY23 with an average price of \$5.40/mcf (blue line)
- Natural gas production is expected to slow in growth in conjunction with slowing oil production
- Prices are expected to moderate in FY24 and FY25 due to continued supply growth
- In out years, natural gas prices are expected to gradually increase due to increased demand for U.S. natural gas abroad

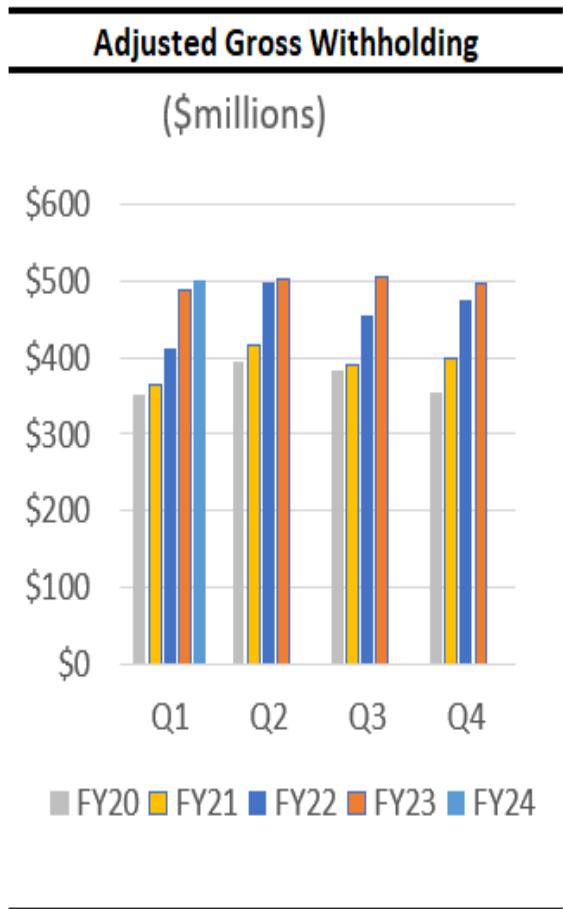
Source: NM TRD GenTax System

Consensus Forecast	FY23	FY24	FY25	FY26	FY27	FY28
December 2023 Estimate	\$ 5.40	\$ 3.45	\$ 3.80	\$ 4.10	\$ 3.95	\$ 4.00
August 2023 Estimate	\$ 5.65	\$ 3.60	\$ 3.95	\$ 4.20	\$ 4.30	\$ 4.40
Natural Gas (\$/mcf)						

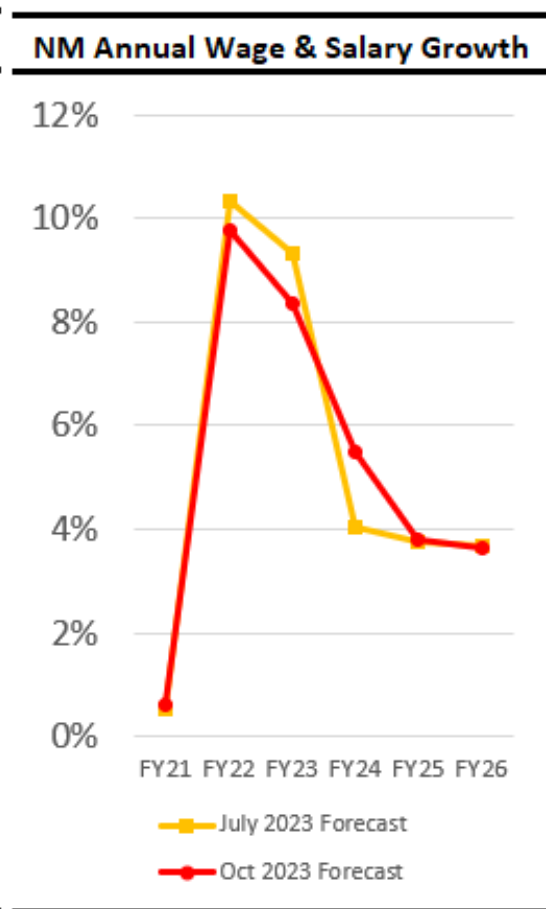
Consensus Forecast	FY23	FY24	FY25	FY26	FY27	FY28
December 2023 Estimate	3,234.2	3,275.0	3,320.0	3,340.0	3,345.0	3,350.0
August 2023 Estimate	3,230.0	3,410.0	3,555.0	3,580.0	3,615.0	3,635.0
Natural Gas (BCF)						

Personal Income Taxes

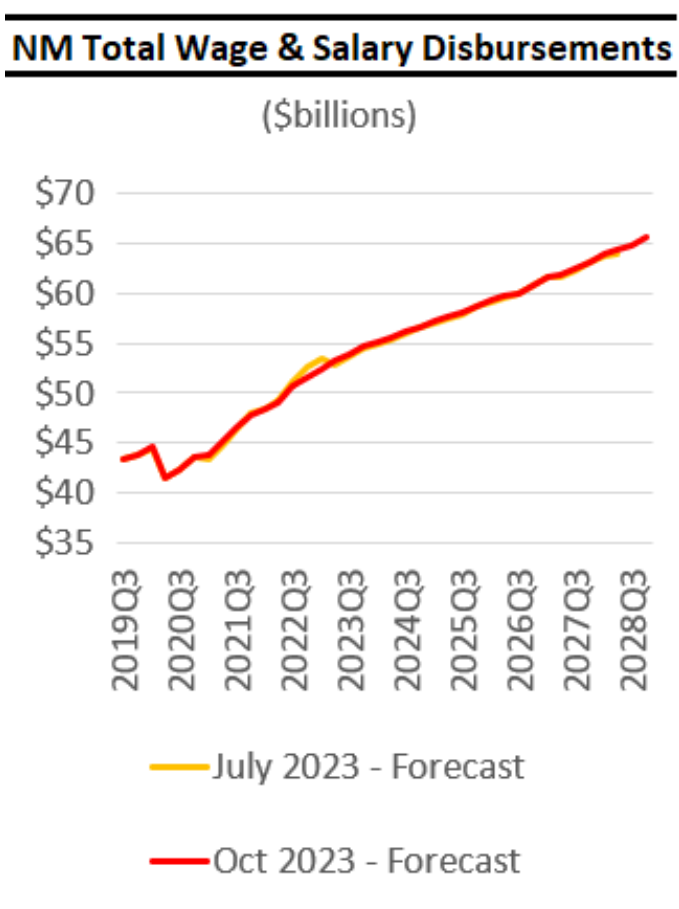
Wage & Salary Outlook



Graph 1



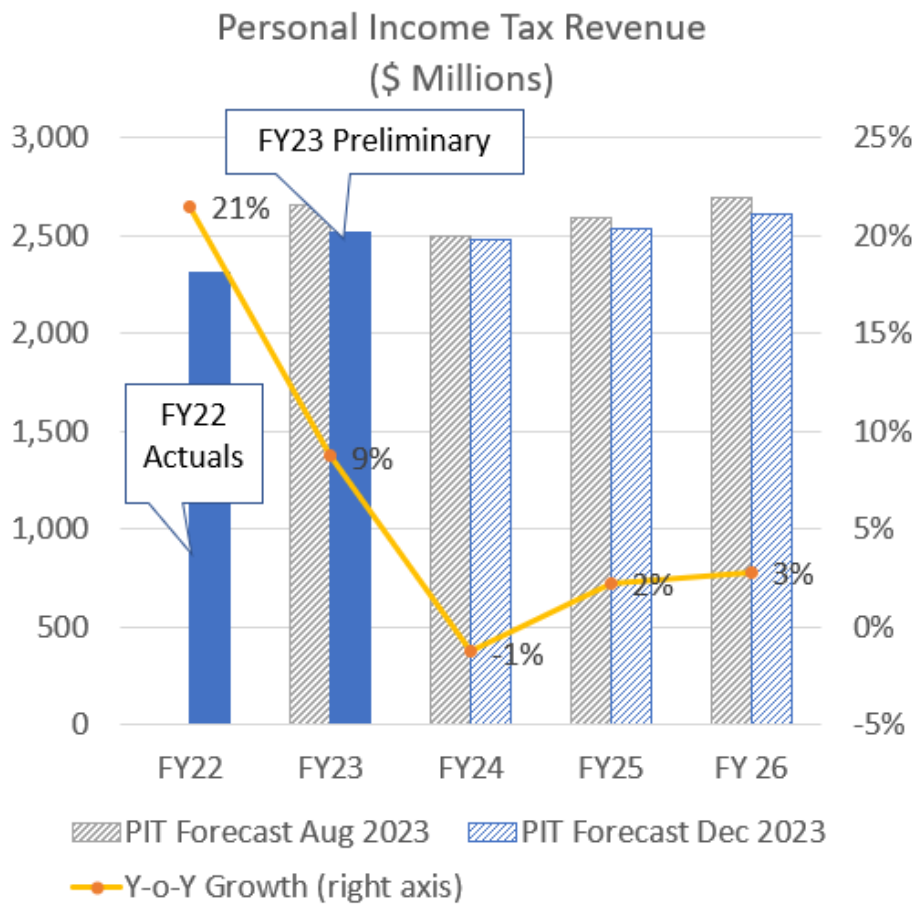
Graph 2



Graph 3

- 1st Quarter FY24 Withholding grew 2% over prior year (Graph 1)
- Moderation in 1st quarter growth compared to FY23 and FY22
- Wage & Salary forecast from UNM is consistent with July 2023 forecast - slowing of wage & salary growth in FY25 and FY26 to around 4%

Personal Income Tax (PIT) Outlook



➤ FY23:

- PIT revenue is estimated to be 9% over FY22
- Forecast decreased \$139 million versus previous forecast due to lower Final Settlements and Oil & Gas/Pass-Thru Withholding /Entity-level tax

➤ FY24 thru FY26:

- PIT forecast decreased from previous August forecast by \$17 million in FY24, \$55 million in FY25 and \$87 million in FY26
- First economic downward revision to PIT forecast in 2 years (since December 2021)
- Reductions in Withholding/Final Settlements as Wage & Salary forecast stabilizing and employment set to level off
- Reductions in Oil & Gas / Pass-Thru Withholding with slowing Oil & Gas revenues
- FY24 to decline -1%, better than -6% in August 2023 forecast - heavily impacted by legislative changes
- FY25 and FY26 PIT growth tracks at slightly below the rate of UNM forecasted wage & salary growth (4%), 2% and 3% respectively
- PIT is forecasted to grow year-over-year, but at a slower rate than FY22 or FY23

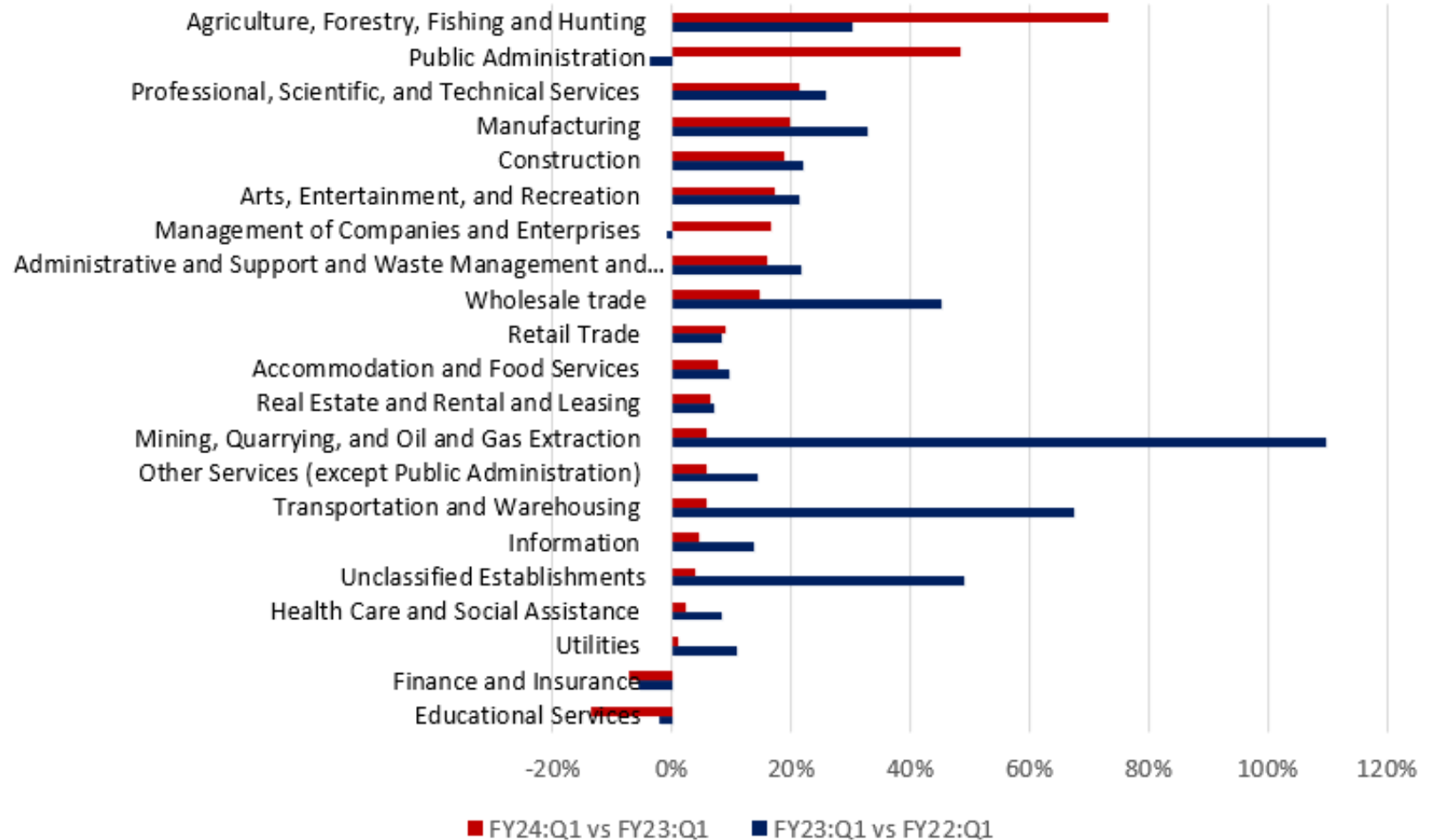
Source: Dec 2023 CREG Estimates

Gross Receipts Taxes

MTGR by Sector

- Positive economic activity in most sectors, although moderating compared to previous year 1st quarter.
- In FY24:Q1, Oil and Gas extraction grew compared to FY23:Q1 but slowed substantially compared to growth of FY23:Q1.
 - Wholesale trade and Transportation and Warehousing, companion industries for Oil & Gas, also have slowing growth
- Key economic sectors like Manufacturing, Construction, and Professional, Scientific and Technical Services are among the most dynamic in 1st quarter.
- Retail Trade is growing thanks to continued solid consumer spending.

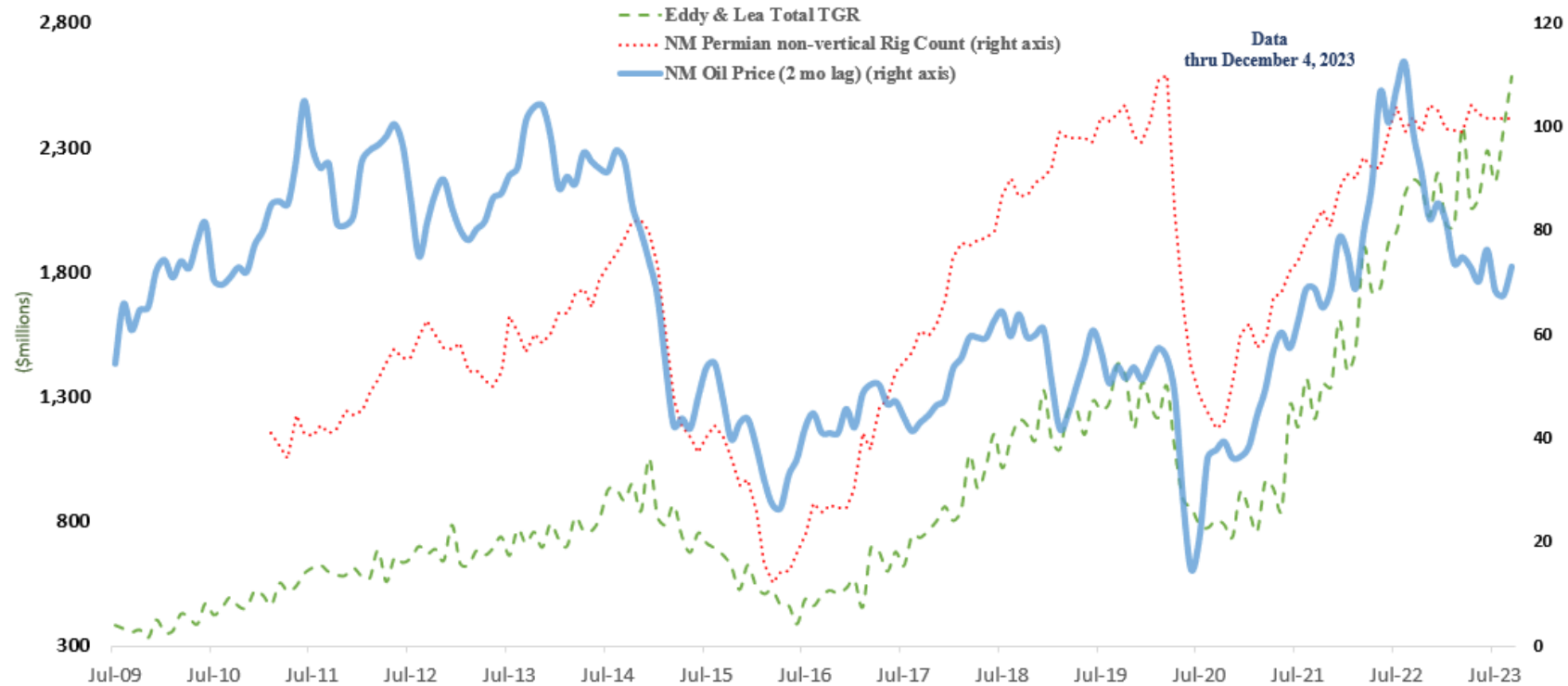
Matched Taxable Gross Receipts (MTGR) by Industry. FY24:Q1 vs FY23:Q1 Growth Rate (%)



Source: Taxation & Revenue Department RP500 Reports, Author's Calculations

MTGR Eddy & Lea Counties

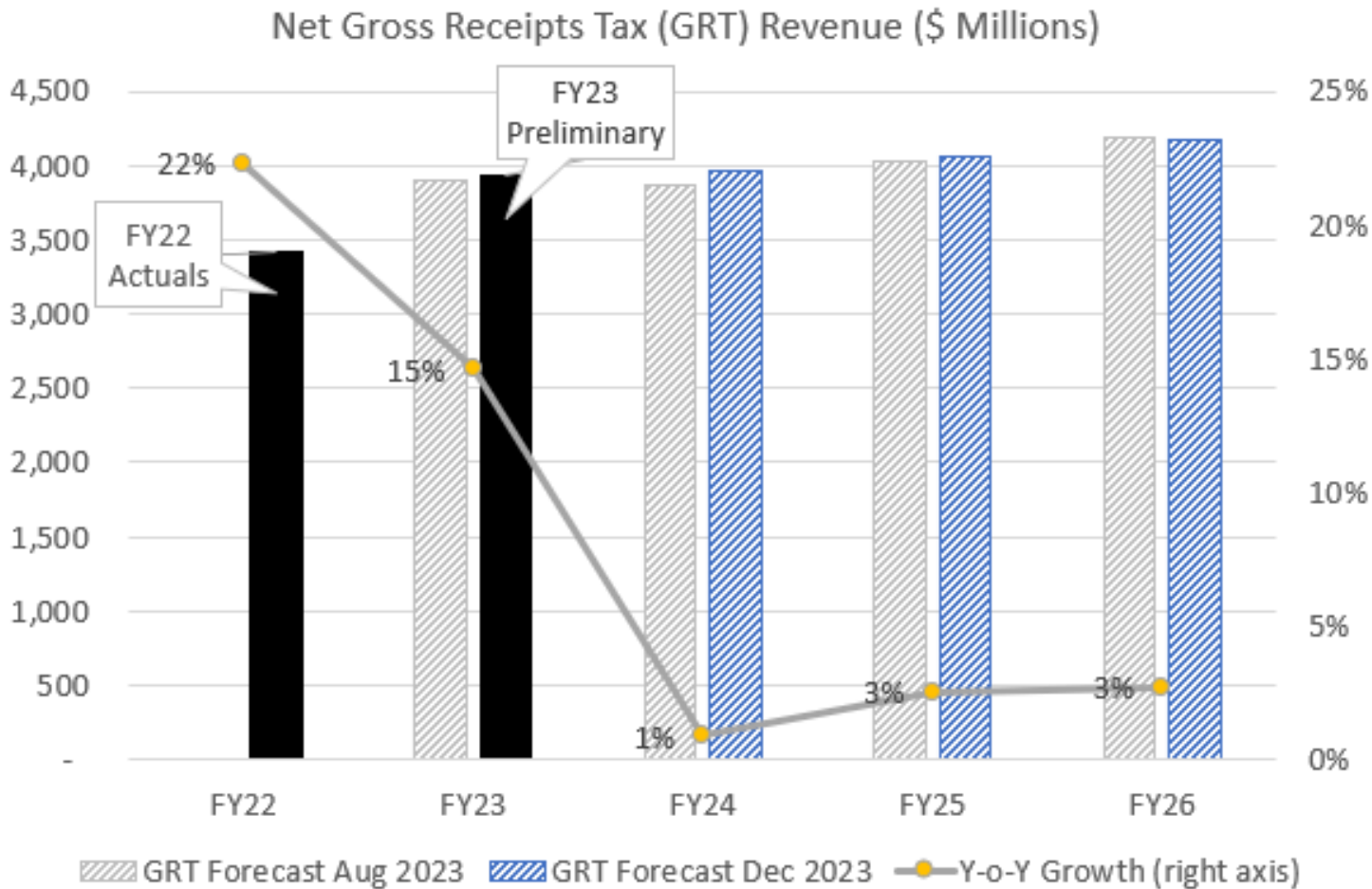
Total Monthly Taxable Gross Receipts in Eddy and Lea Counties Compared to NM Oil Price and Permian Horizontal and Directional Rig Count



Source: NM TRD RP-500

- Rig counts are a leading indicator for MTGR in Eddy and Lea counties
- There is a strong relationship between oil price, production, rig activity, and MTGR
- Generally, price increases lead to increases in rig counts, which leads to higher GRT
 - Oil prices do not need to stay at peak levels to maintain rig counts
 - This is due to increased efficiencies, improved technologies, and conducive well economics in NM

Gross Receipts Tax Outlook



➤ FY23 increased \$46 million over August forecast

➤ Mainly due to a slightly stronger FY23Q4 than expected

➤ FY24 GRT forecast is up by \$86 million compared to the previous estimate due to:

- Consumer resilience;
- Strong economic activity across all sectors at the onset of FY24.

➤ FY25 is up versus the previous estimate by \$25 million.

➤ FY26 is down by \$10 million versus the previous estimate but higher compared to FY25 due to:

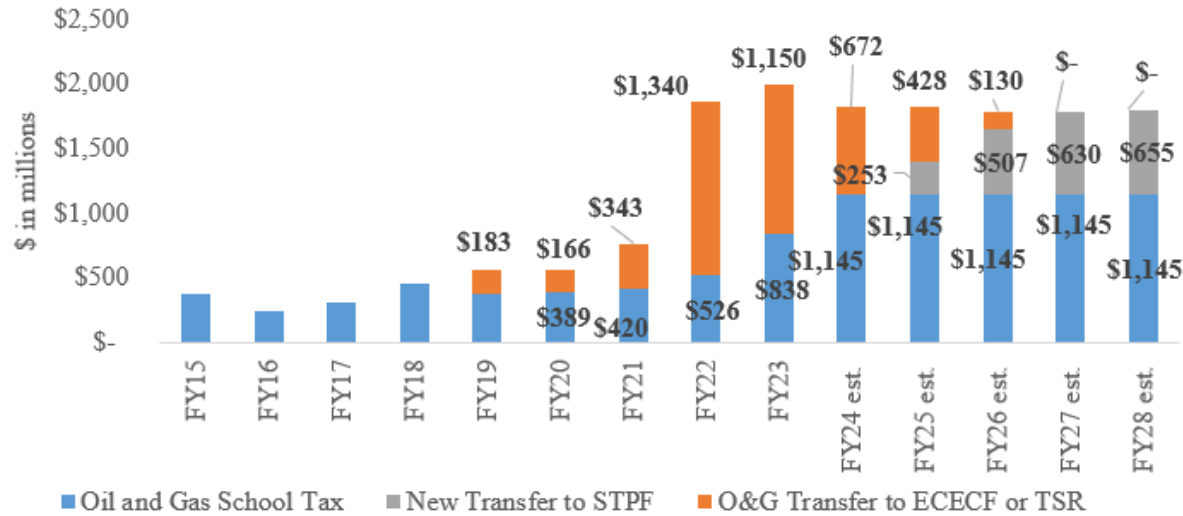
- Moderation in growth of wages and salaries;
- Stabilizing employment and inflation outlook at lower levels;
- Growth in oil and gas is expected to stabilize.

Source: Dec 2023 CREG Estimates

Severance Taxes & Rents & Royalties

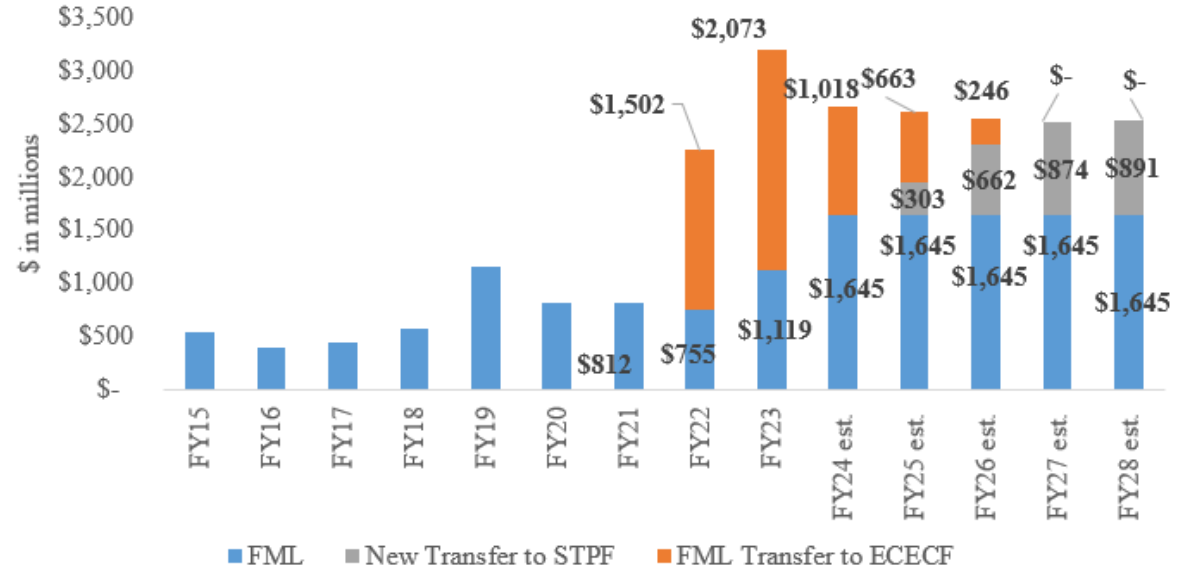
Severance Taxes & Rents and Royalties

Oil and Gas School Tax Revenues From FY15 to FY28



Source: DFA, CREG, Author's calculation, Early Childhood Education and Care Fund or Tax Stabilization Reserve (TSR)

Federal Mineral Leasing from FY15 to FY28

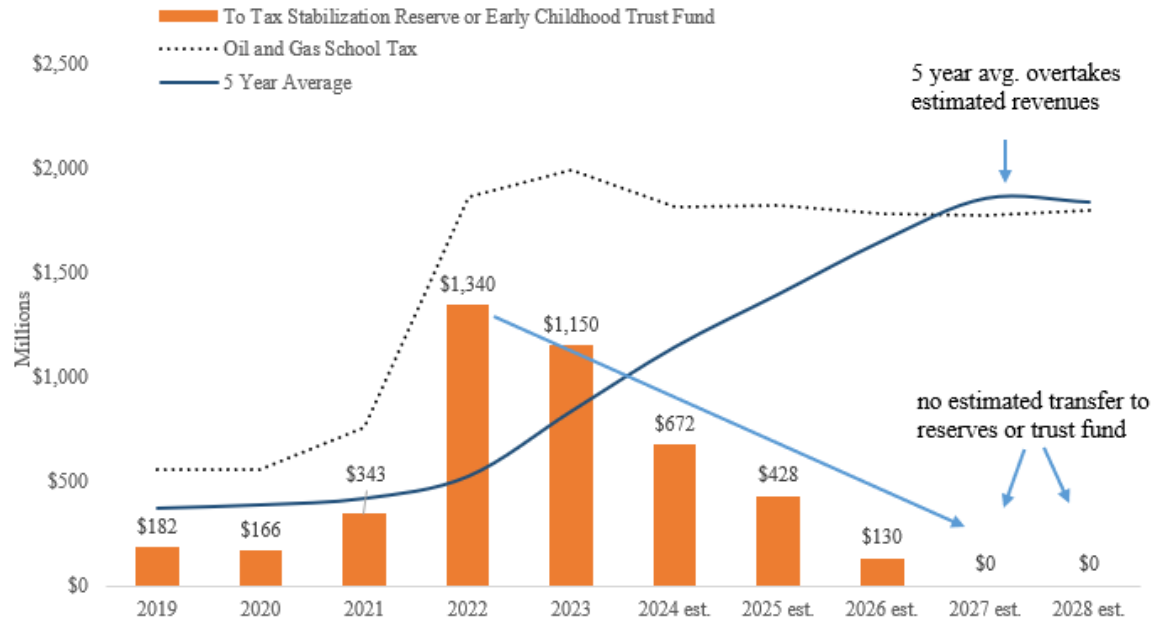


Source: DFA, CREG, Author's calculation, Early Childhood Education and Care Fund

- Severance tax and rents and royalties revenues to the general fund are capped at FY24 levels
 - December 2023 oil and gas forecast revisions do not impact general fund revenue, but produce lower estimated transfers to the ECECF and STPF
- Oil and gas school tax estimated transfers to the Early Childhood Education and Care Fund (ECECF) are \$1.15 billion in FY23, \$672 million in FY24, and \$428 million in FY25
- FML estimated transfers to the Early Childhood Education and Care Fund are \$2 billion in FY23, \$1 billion in FY24, and \$663 million in FY25
- FML and oil and gas school tax estimated transfers to the Severance Tax Permanent Fund (STPF) are estimated to begin FY25

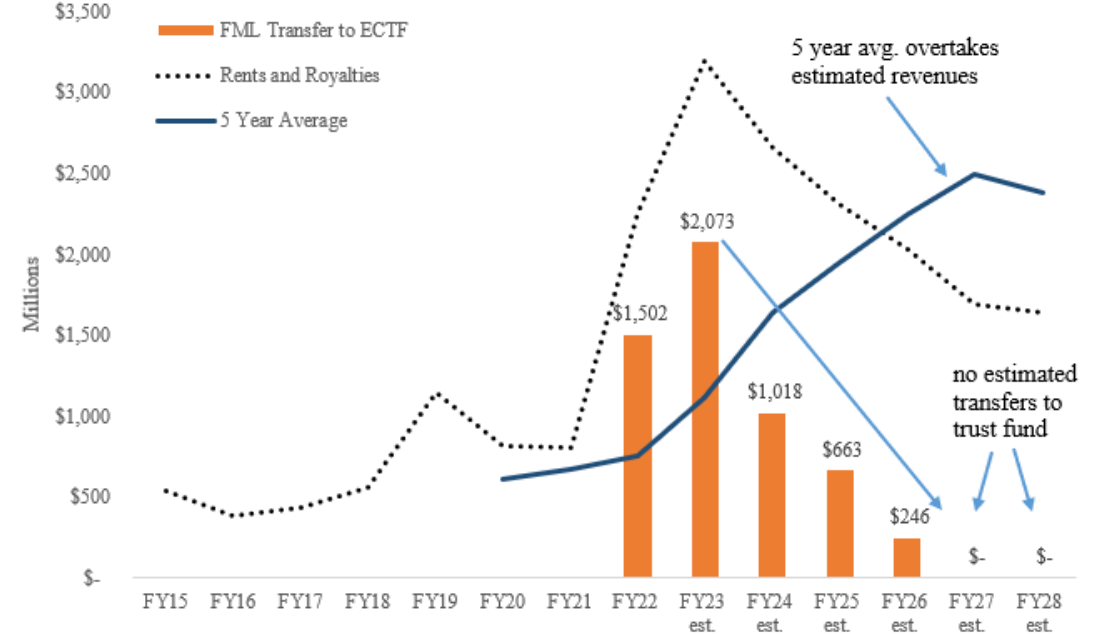
Oil and Gas Emergency School Tax & FML Revenues vs. 5-year average

Oil and Gas Emergency School Tax Revenue vs. 5 Year Average & Excess Transfers



Source: DFA, CREG

Federal Mineral Leasing Revenue vs. 5 Year Average & Excess Transfers



Source: DFA, CREG

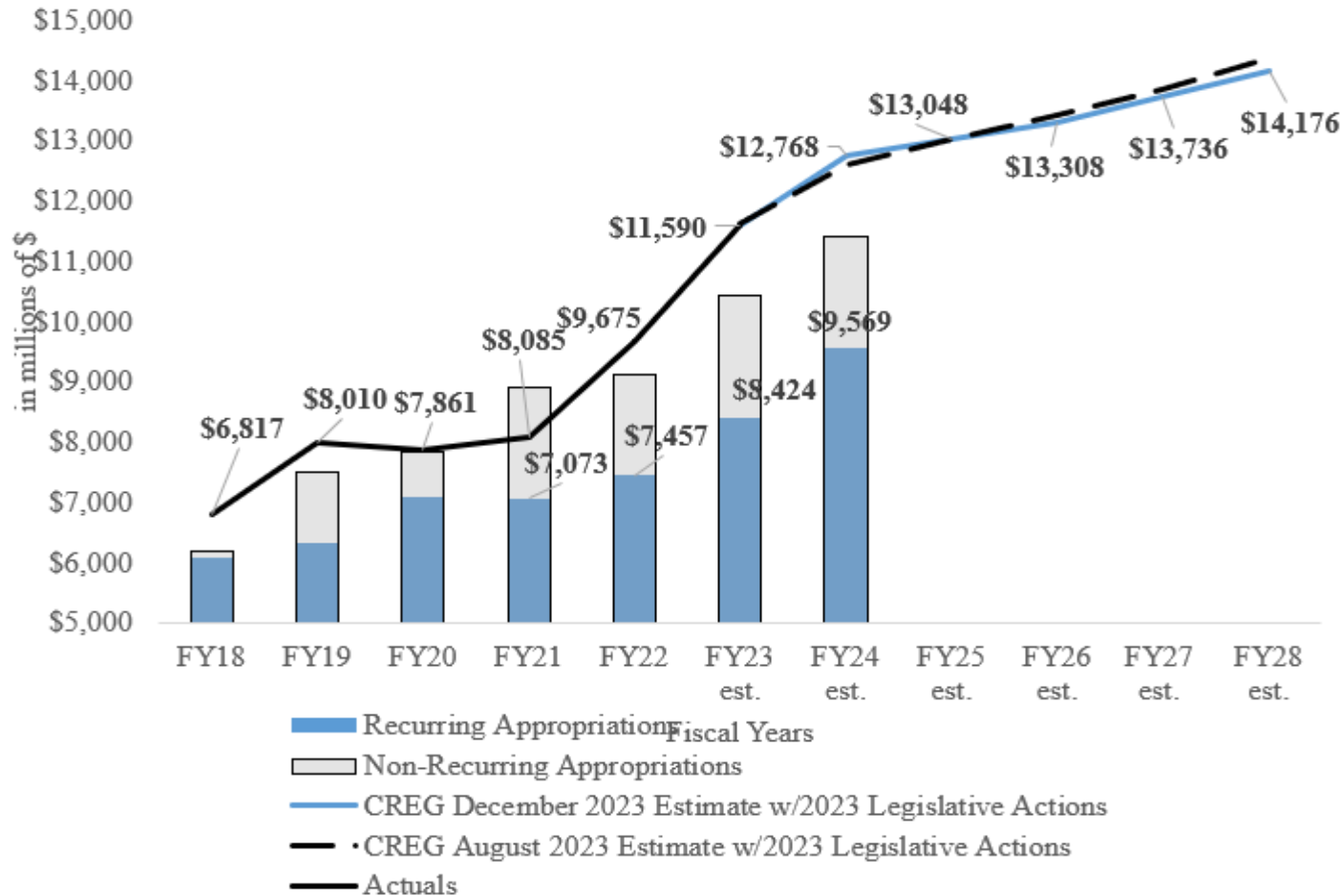
➤ As 5-year average (dotted line) climb, amounts diverted to reserves/trust fund fall to nothing

➤ As compared to the August 2023 forecast, no transfers to the ECECF or reserves are projected in FY27 or FY28

General Fund Overview

Consensus Change from August Forecast

General Fund Recurring Revenue Forecast FY23 to FY25



➤ The December 2023 consensus estimate illustrates near-term strength followed by a return to moderate growth

Fiscal Year	December 2023 Recurring Revenue Growth Y-o-Y	August 2023 Recurring Revenue Growth Y-o-Y
FY21	2.9%	2.9%
FY22	19.7%	19.7%
FY23	19.8% est.	20.3% est.
FY24	10.2% est.	8.3% est.
FY25	2.2% est.	3.5% est.
FY26	2.0% est.	2.9% est.
FY27	3.2% est.	3.3% est.
FY28	3.2% est.	3.8% est.

Source: DFA FCD, CREG

N.M. Consensus Revenue Summary

Table 1
December 2023 Consensus General Fund Forecast
(in millions of dollars)

	FY23		FY24		FY25		FY26	
	\$ Millions	% Change	\$ Millions	% Change	\$ Millions	% Change	\$ Millions	% Change
General Sales	\$ 4,045	15.9%	\$ 4,055	0.2%	\$ 4,158	2.5%	\$ 4,271	2.7%
Selective Sales	\$ 764	14.9%	\$ 783	2.5%	\$ 857	9.5%	\$ 874	2.0%
Income Taxes	\$ 2,954	10.6%	\$ 2,866	-3.0%	\$ 2,861	-0.2%	\$ 2,904	1.5%
O&G Revenue	\$ 2,189	50.7%	\$ 3,025	38.2%	\$ 2,988	-1.2%	\$ 2,959	-0.9%
Investment Income	\$ 1,339	46.1%	\$ 1,783	33.2%	\$ 1,927	8.1%	\$ 2,040	5.9%
Other	\$ 299	-37.7%	\$ 257	-14.0%	\$ 258	0.3%	\$ 260	0.9%
Total Recurring Revenue	\$ 11,590	19.8%	\$ 12,768	10.2%	\$ 13,048	2.2%	\$ 13,308	2.0%
Total Nonrecurring	\$ (700)	-22.5%	\$ (19)	-97.2%				
Grand Total Revenue	\$ 10,890	24.1%	\$ 12,748	17.1%	\$ 13,048	2.3%	\$ 13,308	2.0%

➤ In FY23:

- General sales increased 15.9% or \$554.1 million to \$4 billion from FY22 to FY23
- Income taxes increased 10.6% or \$282.4 million to \$2.95 billion from FY22 to FY23
- Oil and gas revenue increased 50.7% or \$737 million to \$3 billion from FY22 to FY23
- Investment income increased 46.1% or \$423 million to \$1.3 billion

➤ In FY24:

- General sales are estimated to increase slightly by 0.2%.
- Income taxes are estimated to decline by 3%
 - Both general sales and income taxes are impacted by:
 - legislative adjustments
 - moderation in underlying economic variables
- Oil and gas revenue is estimated to increase by 38.2%
- Investment income is estimated to increase by 33.2%

➤ FY25 to FY26 updates:

- General sales and income taxes return to moderate growth
- Severance and FML fixed at FY24 levels

General Fund Overview

FY23

- FY2023 GF Recurring Revenue is estimated to increase by 19.8% over FY2022
- FY2023 GF Reserves are estimated at \$3.98 billion or 47.3% of recurring appropriations

FY24

- FY2024 GF Recurring Revenue is estimated to increase by 10.2% vs. FY2023
- FY2024 GF Reserves are estimated at \$5 billion or 52.7% of recurring appropriations*

FY25

- FY2025 GF Recurring Revenue is forecasted to grow by 2.2% vs. FY2024
- “New Money” for FY2025 is forecasted to be \$3.48 billion

* Pending 2024 legislative appropriations

General Fund Financial Summary (\$ in millions)

	FY2023 Est.	FY2024 Est.	FY2025 Est.
Beginning Balance (General Fund Reserves)	\$3,230	\$3,988.3	\$5,041.3
Total Revenue (Recurring Revenue)	\$11,589.7	\$12,767.8	\$13,047.8
Spending (Recurring Appropriations)	(\$8,424.0)	(\$9,568.6)	“New Money” \$3.48 billion
Reserve Transfers, etc.	\$829.0	\$906.0	
Ending Balance (General Fund Reserves)	\$3,988.3	\$5,041.3	
General Fund Reserves as a Percent of Recurring Appropriations	47.3%	52.7%*	

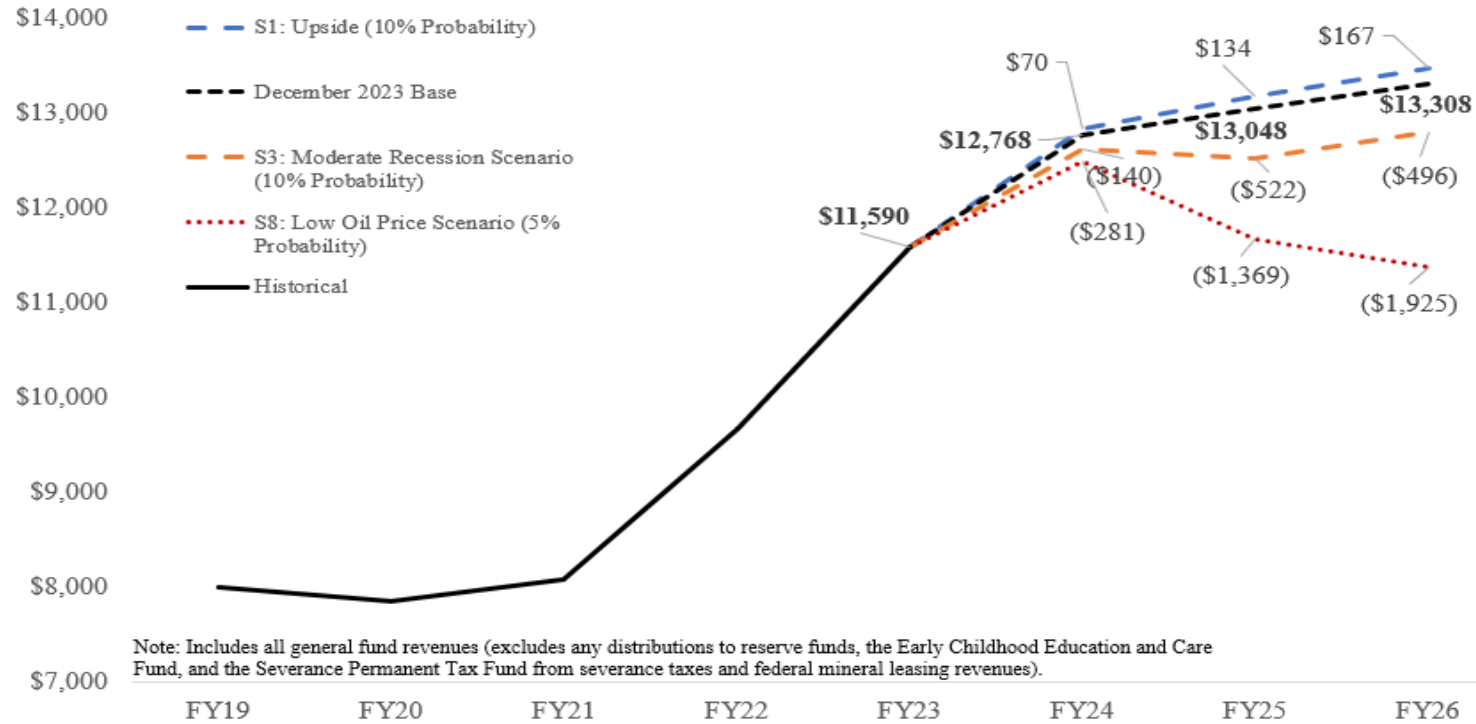
* Pending 2024 legislative appropriations

Risks to the Forecast

- Downside
 - The Federal Reserve may increase interest rates to combat inflation and strong job growth.
 - Error in policy correction and tip country into recession
 - A recession occurs
 - Employment losses and the unemployment rate increases
 - Gross domestic product contracts
 - Decrease in consumption
 - Tightening credit markets
 - Supply-chain shortages and constraints continue
 - Wage-price spiral ushers in a new inflation environment
 - Labor-supply constraints are more binding resulting in slower growth and increased wages
 - Oil price and supply shocks from:
 - Expansion of war in Middle East
 - Expansion of The Ukraine-Russian conflict and sanctions
 - OPEC+ supply changes
 - China's economic recovery
 - Oil price volatility from unknown market shocks
 - Oil supply shocks from unknown market shocks
- Upside
 - The labor market continues to moderate
 - Wage growth is outpacing inflation
 - Large savings amounts and higher wage growth continue to propel consumer spending
 - OPEC+ actions to cut production could potentially stabilize/increase oil prices
 - The Federal Reserve pauses or reduces the magnitude of a federal funds rate hikes
 - The Federal Reserve achieves a “soft landing”
 - The fears and uncertainty about a recessionary event resolve
 - Prices continue to decrease, and the inflation rate returns to the Federal Reserves target of 2%
 - Oil and natural gas producers exceed production expectations

Stress Test

Revenue Sensitivity Analysis



Note: Includes all general fund revenues (excludes any distributions to reserve funds, the Early Childhood Education and Care Fund, and the Severance Permanent Tax Fund from severance taxes and federal mineral leasing revenues).

Source: DFA, CREG, Moody's Analytics, S&P, UNM Bureau of Business & Economic Research, (in millions)

- The stress test illustrates how far revenues could fall under a prolonged economic downturn (moderate recession scenario) and a low oil price scenario
- Under the low oil price scenario, the recurring revenue of the general fund could decrease by \$281 million in FY24, \$1.4 billion in FY25, and \$1.9 billion in FY26 as compared to the baseline.
- New Mexico's revenue sensitivity to an energy downturn and a national recession event highlights the need for the state to maintain healthy reserve levels

	Upside Scenario (in millions)		
	FY24	FY25	FY26
GRT	\$ 60	\$ 98	\$ 116
PIT	\$ 8	\$ 32	\$ 46
Severance to GF	\$ 2	\$ 4	\$ 5
Severance to TSR or ECE	\$ 34	\$ 76	\$ 82
Severance to STPF	\$ -	\$ 7	\$ 23
FML to GF	\$ (0)	\$ (0)	\$ (0)
FML to ECE	\$ 94	\$ 100	\$ 124
FML to STPF	\$ -	\$ 19	\$ 42
TOTAL	\$ 198	\$ 336	\$ 439
Total GF	\$ 70	\$ 134	\$ 167
Total TSR/ECE/STPF	\$ 128	\$ 201	\$ 272
% TSR/ECE/STPF	65%	60%	62%

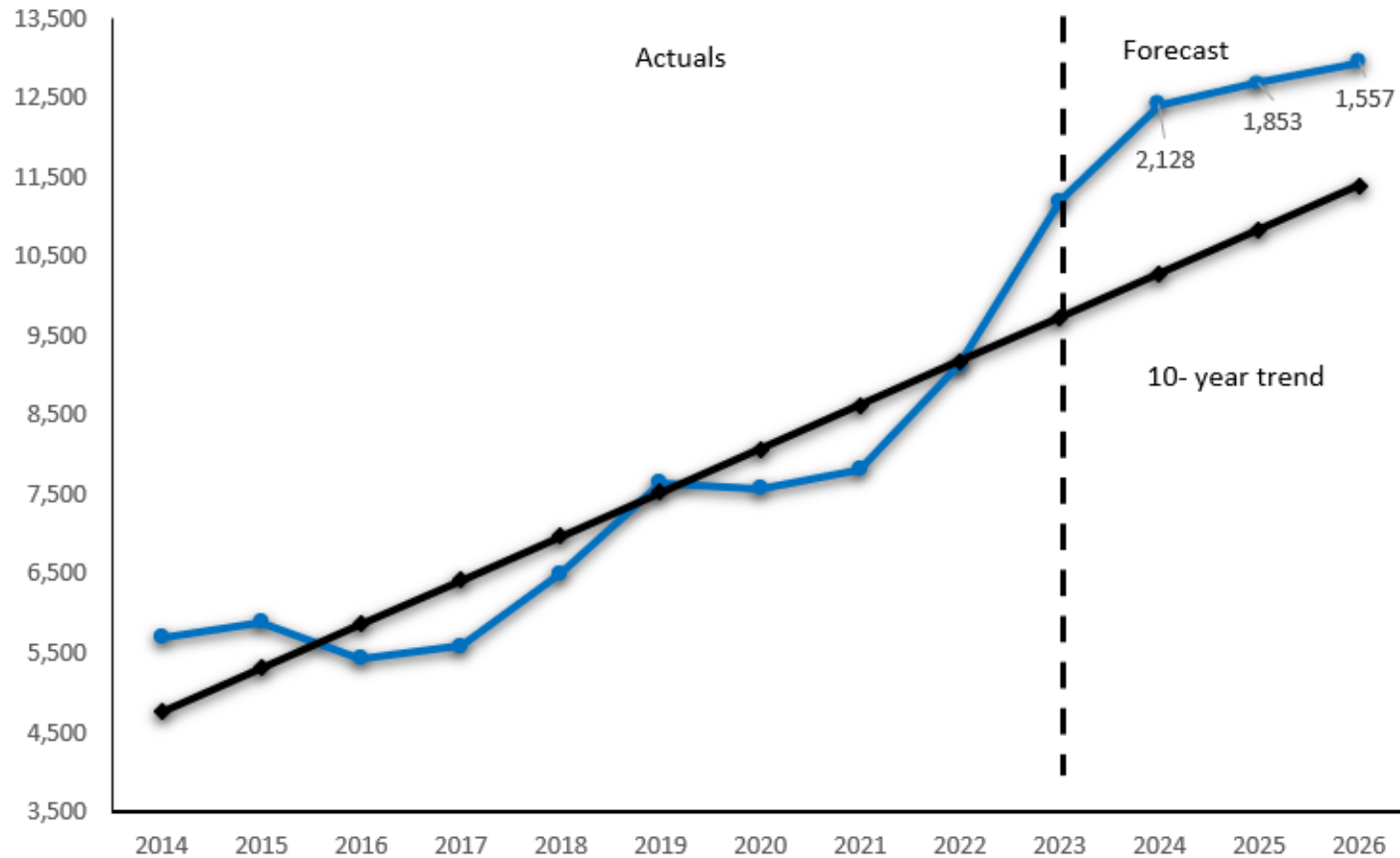
	Moderate Recession Scenario (in millions)		
	FY24	FY25	FY26
GRT	\$ (97)	\$ (322)	\$ (319)
PIT	\$ (34)	\$ (158)	\$ (151)
Severance to GF	\$ (8)	\$ (42)	\$ (25)
Severance to TSR or ECE	\$ (131)	\$ (428)	\$ (130)
Severance to STPF	\$ -	\$ (116)	\$ (257)
FML to GF	\$ (0)	\$ (0)	\$ (0)
FML to ECE	\$ (37)	\$ (636)	\$ (284)
FML to STPF	\$ -	\$ (7)	\$ (459)
TOTAL	\$ (308)	\$ (1,709)	\$ (1,626)
Total GF	\$ (140)	\$ (522)	\$ (496)
Total TSR/ECE	\$ (168)	\$ (1,187)	\$ (1,130)
% TSR/ECE/STPF	55%	69%	70%

	Low Oil Price Scenario (in millions)		
	FY24	FY25	FY26
GRT	\$ (182)	\$ (555)	\$ (712)
PIT	\$ (62)	\$ (160)	\$ (188)
Severance to GF	\$ (36)	\$ (437)	\$ (480)
Severance to TSR or ECE	\$ (499)	\$ (428)	\$ (130)
Severance to STPF	\$ -	\$ (252)	\$ (507)
FML to GF	\$ (0)	\$ (217)	\$ (545)
FML to ECE	\$ (345)	\$ (708)	\$ (284)
FML to STPF	\$ -	\$ (293)	\$ (659)
TOTAL	\$ (1,125)	\$ (3,050)	\$ (3,505)
Total GF	\$ (281)	\$ (1,369)	\$ (1,925)
Total TSR/ECE	\$ (844)	\$ (1,681)	\$ (1,580)
% TSR/ECE/STPF	75%	55%	45%

General Fund Revenue vs. 10 Year Trend

Volatility in major General Fund revenue sources (\$ millions)

Deviation from 10 years (FY14-FY23) trend



Note: major revenue sources consist of sales taxes, income taxes, severance taxes, rents and royalties, and investment earnings.

- The trendline analysis illustrates how far revenues have deviated from the 10-year trend
- For FY23, general fund revenues are above the 10-year trend by \$1.46 billion
- For the budget year FY25, general fund revenues deviate from the trend by \$1.85 billion
- New Mexico's general fund revenue average annual growth rate is 8.0% (2014-2023 trend)

Appendix

Appendix 1a:

General Fund Consensus Revenue Estimate - December 2023

Revenue Source	FY23					FY24					FY25				
	Aug 23 Est.	Dec 23 Prelim.	Change from Prior (Aug 23)	% Change from FY22	\$ Change from FY22	Aug 23 Est.	Dec 23 Est.	Change from Prior (Aug 23)	% Change from FY23	\$ Change from FY23	Aug 23 Est.	Dec 23 Est.	Change from Prior (Aug 23)	% Change from FY24	\$ Change from FY24
Base Gross Receipts Tax	4,016.9	4,062.5	45.6	14.9%	526.2	3,978.1	4,064.2	86.1	0.0%	1.7	4,130.9	4,155.8	24.9	2.3%	91.6
F&M Hold Harmless Payments	(111.5)	(111.3)	0.2	2.6%	(2.8)	(103.7)	(103.5)	0.2	-7.0%	7.8	(94.9)	(94.3)	0.6	-8.9%	9.2
NET Gross Receipts Tax	3,905.4	3,951.2	45.8	15.3%	523.3	3,874.4	3,960.7	86.3	0.2%	9.5	4,036.0	4,061.5	25.5	2.5%	100.8
Compensating Tax	94.2	94.0	(0.3)	48.8%	30.8	93.3	94.0	0.7	0.0%	0.0	96.9	96.1	(0.8)	2.3%	2.1
TOTAL GENERAL SALES	3,999.6	4,045.2	45.6	15.9%	554.1	3,967.7	4,054.7	87.0	0.2%	9.5	4,132.9	4,157.6	24.7	2.5%	102.9
Tobacco Products and Cigarette Taxes	80.7	81.1	0.4	-2.0%	(1.7)	80.0	78.1	(1.9)	-3.7%	(3.0)	78.7	76.8	(1.9)	-1.7%	(1.3)
Liquor Excise	24.5	24.5	(0.0)	-2.1%	(0.5)	24.9	24.9	(0.1)	1.5%	0.4	25.1	25.0	(0.1)	0.8%	0.2
Cannabis Excise	24.5	24.5	0.0	383.3%	19.5	26.5	34.0	7.5	38.6%	9.5	28.5	33.6	5.1	-1.2%	(0.4)
Insurance Taxes	388.7	390.9	2.2	21.8%	70.0	411.4	410.3	(1.1)	5.0%	19.4	496.2	484.8	(11.4)	18.2%	74.5
Motor Vehicle Excise	163.2	164.7	1.5	6.1%	9.5	164.7	165.5	0.8	0.5%	0.8	163.9	166.4	2.5	0.6%	0.9
Gaming Excise	72.5	72.1	(0.4)	5.4%	3.7	65.3	66.0	0.7	-8.4%	(6.1)	65.9	66.1	0.2	0.2%	0.1
Leased Vehicle & Other	4.1	3.7	(0.4)	-49.3%	(3.6)	4.2	4.0	(0.2)	8.3%	0.3	4.5	4.4	(0.1)	10.4%	0.4
TOTAL SELECTIVE SALES	758.2	763.8	5.6	14.9%	99.1	777.0	782.8	5.7	2.5%	18.9	862.8	857.2	(5.7)	9.5%	74.4
Personal Income Tax	2,653.5	2,514.7	(138.8)	8.0%	187.1	2,499.2	2,482.1	(17.1)	-1.3%	(32.6)	2,592.4	2,537.1	(55.3)	2.2%	55.0
Gross Corporate Income Tax	534.4	539.3	4.9	33.4%	134.9	521.6	544.7	23.1	1.0%	5.4	521.9	540.3	18.4	-0.8%	(4.4)
CIT Refundable Credits	(87.1)	(100.2)	(13.1)	65.6%	(39.7)	(160.9)	(160.9)	(0.0)	60.6%	(60.7)	(216.6)	(216.6)	(0.0)	34.6%	(55.7)
NET Corporate Income Tax	447.3	439.1	(8.2)	27.7%	95.2	360.7	383.8	23.1	-12.6%	(55.3)	305.3	323.7	18.4	-15.7%	(60.1)
TOTAL INCOME TAXES	3,100.8	2,953.8	(147.0)	10.6%	282.4	2,859.9	2,865.9	6.0	-3.0%	(87.9)	2,897.7	2,860.8	(36.9)	-0.2%	(5.1)
Gross Oil and Gas School Tax	2,019.0	1,987.8	(31.2)	6.5%	122.0	1,774.0	1,817.7	43.7	-8.6%	(170.1)	1,862.0	1,826.0	(36.0)	0.5%	8.3
Excess to TSR or Early Childhood Trust Fund	(1,181.0)	(1,149.8)	31.2	-14.2%	190.3	(622.4)	(672.4)	(50.0)	-41.5%	477.4	(466.7)	(428.1)	38.6	-36.3%	244.3
Excess to STPF	-	-	-	-	-	-	-	-	-	-	(243.7)	(252.5)	(8.8)	-	(252.5)
NET Oil & Gas School Tax	838.0	838.0	0.0	59.4%	312.3	1,151.5	1,145.3	(6.2)	36.7%	307.3	1,151.5	1,145.4	(6.1)	0.0%	0.1
Oil Conservation Tax	111.2	110.0	(1.2)	10.3%	10.3	101.1	114.8	13.7	4.4%	4.8	105.2	112.2	7.0	-2.3%	(2.6)
Resources Excise Tax	8.1	9.2	1.1	5.6%	0.5	8.5	7.9	(0.6)	-14.1%	(1.3)	8.9	7.9	(1.0)	0.0%	-
Natural Gas Processors Tax	34.8	35.1	0.3	244.5%	24.9	56.7	54.3	(2.4)	54.7%	19.2	28.3	24.4	(3.9)	-55.2%	(30.0)
TOTAL SEVERANCE TAXES	992.1	992.3	0.2	54.0%	348.0	1,317.8	1,322.3	4.5	33.3%	330.1	1,293.9	1,289.9	(4.1)	-2.5%	(32.5)
LICENSE FEES	60.1	63.7	3.6	12.3%	7.0	58.4	61.8	3.5	-3.0%	(1.9)	58.6	60.8	2.3	-1.6%	(1.0)
LGPF Interest	887.1	891.4	4.3	13.1%	103.6	1,196.2	1,201.6	5.4	34.8%	310.2	1,313.6	1,326.1	12.5	10.4%	124.5
STO Interest	180.9	181.4	0.5	-253.3%	299.7	247.9	291.4	43.5	60.7%	110.0	271.5	272.3	0.8	-6.6%	(19.1)
STPF Interest	265.8	265.8	(0.0)	7.9%	19.4	289.6	289.6	-	9.0%	23.8	326.3	328.2	1.9	13.3%	38.6
TOTAL INTEREST	1,333.8	1,338.6	4.8	46.1%	422.6	1,733.7	1,782.6	48.9	33.2%	444.0	1,911.4	1,926.6	15.2	8.1%	144.0
Gross Federal Mineral Leasing	3,192.3	3,192.3	-	41.5%	935.6	2,644.0	2,663.0	19.0	-16.6%	(529.4)	2,591.8	2,611.2	19.4	-1.9%	(51.7)
Excess to Early Childhood Trust Fund	(2,073.1)	(2,073.0)	0.1	38.1%	(571.4)	(999.0)	(1,018.1)	(19.1)	-50.9%	1,054.9	(647.5)	(663.1)	(15.6)	-34.9%	355.0
Excess to STPF	-	-	-	-	-	-	-	-	-	-	(299.3)	(303.2)	(3.9)	-	(303.2)
NET Federal Mineral Leasing	1,119.3	1,119.4	0.1	48.2%	364.2	1,645.0	1,644.9	(0.1)	46.9%	525.5	1,645.0	1,644.9	(0.1)	0.0%	(0.0)
State Land Office	82.4	77.5	(4.9)	46.4%	24.6	57.5	57.5	-	-25.8%	(20.0)	52.9	52.9	-	-8.0%	(4.6)
TOTAL RENTS & ROYALTIES	1,201.7	1,196.9	(4.8)	48.1%	388.8	1,702.5	1,702.4	(0.1)	42.2%	505.5	1,697.9	1,697.8	(0.1)	-0.3%	(4.6)
TRIBAL REVENUE SHARING	80.2	78.2	(2.0)	9.4%	6.7	79.3	80.7	1.4	3.2%	2.5	80.6	81.9	1.3	1.5%	1.2
MISCELLANEOUS RECEIPTS	39.6	46.7	7.1	13.3%	5.5	39.7	39.7	-	-15.1%	(7.1)	40.2	40.2	-	1.4%	0.6
REVERSIONS	75.0	110.5	35.5	-64.4%	(199.9)	75.0	75.0	-	-32.1%	(35.5)	75.0	75.0	-	0.0%	-
TOTAL RECURRING	11,641.1	11,589.7	(51.5)	19.8%	1,914.4	12,611.0	12,767.8	156.9	10.2%	1,178.1	13,051.0	13,047.8	(3.2)	2.2%	280.0
2023 Nonrecurring Legislation	(695.2)	(694.6)	0.6	-	-	(9.3)	(12.7)	(3.4)	-98.2%	681.9	-	-	-	-	12.7
2022 Nonrecurring Legislation	(86.8)	(80.9)	5.9	-91.0%	816.7	-	(6.7)	-	-91.8%	74.2	-	-	-	6.7	
2021 Nonrecurring Legislation	(0.6)	(0.6)	-	-88.5%	4.6	-	-	-	-100.0%	0.6	-	-	-	-	
Other Nonrecurring	-	76.5	76.5	-	76.5	-	-	-	-	-	-	-	-	-	
TOTAL NONRECURRING	(782.6)	(699.6)	83.0	-22.5%	203.3	(9.3)	(19.4)	(10.1)	-97.2%	680.3	-	-	-	19.4	
GRAND TOTAL General Fund	10,858.5	10,890.1	31.5	24.1%	2,117.6	12,601.7	12,748.5	146.8	17.1%	1,858.4	13,051.0	13,047.8	(3.2)	2.3%	299.3

Appendix 1b:

Revenue Source	FY26					FY27					FY28				
	Aug 23 Est.	Dec 23 Est.	Change from Prior (Aug 23)	% Change from FY25	\$ Change from FY25	Aug 23 Est.	Dec 23 Est.	Change from Prior (Aug 23)	% Change from FY26	\$ Change from FY26	Aug 23 Est.	Dec 23 Est.	Change from Prior (Aug 23)	% Change from FY27	\$ Change from FY27
Base Gross Receipts Tax	4,269.2	4,257.5	(11.7)	2.4%	101.7	4,405.0	4,387.8	(17.2)	3.1%	130.3	4,615.6	4,523.7	(91.9)	3.1%	135.9
F&M Hold Harmless Payments	(86.6)	(85.2)	1.4	-9.7%	9.1	(79.1)	(76.9)	2.2	-9.7%	8.3	(70.9)	(68.1)	2.8	-11.4%	8.8
NET Gross Receipts Tax	4,182.6	4,172.3	(10.3)	2.7%	110.8	4,325.9	4,310.9	(15.0)	3.3%	138.6	4,544.7	4,455.6	(89.1)	3.4%	144.7
Compensating Tax	100.2	98.5	(1.7)	2.4%	2.4	103.3	101.5	(1.9)	3.1%	3.0	108.3	104.6	(3.7)	3.1%	3.1
TOTAL GENERAL SALES	4,282.8	4,270.8	(12.0)	2.7%	113.2	4,429.2	4,412.4	(16.9)	3.3%	141.6	4,653.0	4,560.2	(92.8)	3.4%	147.8
Tobacco Products and Cigarette Taxes	77.8	76.0	(1.8)	-1.0%	(0.8)	77.8	76.1	(1.7)	0.1%	0.1	79.0	77.6	(1.4)	2.0%	1.5
Liquor Excise	25.3	25.2	(0.1)	0.8%	0.2	25.5	25.5	(0.1)	0.8%	0.2	25.8	25.7	(0.1)	0.8%	0.2
Cannabis Excise	32.5	36.4	3.9	8.3%	2.8	34.9	39.1	4.2	7.4%	2.7	37.8	41.8	4.0	6.9%	2.7
Insurance Taxes	514.8	494.9	(19.9)	2.1%	10.1	535.7	508.4	(27.3)	2.7%	13.5	559.5	524.2	(35.3)	3.1%	15.8
Motor Vehicle Excise	168.8	171.2	2.3	2.9%	4.8	176.0	176.9	0.9	3.4%	5.8	182.5	182.7	0.2	3.3%	5.8
Gaming Excise	65.8	66.0	0.2	-0.2%	(0.1)	68.3	68.7	0.4	4.1%	2.7	68.6	69.2	0.6	0.7%	0.5
Leased Vehicle & Other	4.6	4.7	0.0	5.3%	0.2	4.7	4.9	0.1	4.0%	0.2	4.3	5.0	0.6	2.1%	0.1
TOTAL SELECTIVE SALES	889.7	874.4	(15.3)	2.0%	17.2	923.0	899.6	(23.4)	2.9%	25.2	957.5	926.2	(31.3)	3.0%	26.6
Personal Income Tax	2,695.4	2,608.4	(87.0)	2.8%	71.3	2,802.5	2,698.9	(103.6)	3.5%	90.5	2,913.8	2,799.7	(114.1)	3.7%	100.8
Gross Corporate Income Tax	531.5	532.6	1.1	-1.4%	(7.7)	546.1	542.4	(3.7)	1.8%	9.8	562.7	560.6	(2.1)	3.4%	18.2
CIT Refundable Credits	(237.3)	(237.3)	-	9.6%	(20.7)	(255.1)	(255.1)	(0.0)	7.5%	(17.8)	(272.1)	(272.1)	(0.0)	6.7%	(17.0)
NET Corporate Income Tax	294.2	295.3	1.1	-8.8%	(28.4)	291.0	287.3	(3.7)	-2.7%	(8.0)	290.6	288.5	(2.1)	0.4%	1.2
TOTAL INCOME TAXES	2,989.6	2,903.7	(85.9)	1.5%	42.9	3,093.5	2,986.2	(107.3)	2.8%	82.5	3,204.4	3,088.2	(116.2)	3.4%	102.0
Gross Oil and Gas School Tax	1,922.9	1,782.3	(140.6)	-2.4%	(43.7)	1,947.6	1,775.2	(172.4)	-0.4%	(7.1)	1,982.4	1,800.4	(182.0)	1.4%	25.2
Excess to TSR or Early Childhood Trust Fund	(266.2)	(130.2)	136.0	-69.6%	297.9	(59.0)	-	59.0	-100.0%	130.2	(77.4)	-	77.4	#DIV/0!	-
Excess to STPF	(505.2)	(506.7)	(1.5)	100.7%	(254.2)	(737.1)	(629.8)	107.3	24.3%	(123.1)	(753.5)	(655.0)	98.5	4.0%	(25.2)
NET Oil & Gas School Tax	1,151.5	1,145.4	(6.1)	0.0%	-	1,151.5	1,145.4	(6.1)	0.0%	-	1,151.5	1,145.4	(6.1)	0.0%	-
Oil Conservation Tax	108.2	84.1	(24.1)	-25.0%	(28.1)	100.5	84.6	(15.9)	0.6%	0.5	102.2	85.8	(16.4)	1.4%	1.2
Resources Excise Tax	9.3	7.9	(1.4)	0.0%	-	9.8	7.9	(1.9)	0.0%	-	10.2	7.9	(2.3)	0.0%	-
Natural Gas Processors Tax	27.3	24.1	(3.2)	-1.1%	(0.3)	30.1	26.7	(3.4)	10.8%	2.6	31.6	26.9	(4.7)	0.9%	0.2
TOTAL SEVERANCE TAXES	1,296.3	1,261.5	(34.8)	-2.2%	(28.4)	1,291.9	1,264.6	(27.4)	0.2%	3.1	1,295.5	1,266.0	(29.5)	0.1%	1.4
LICENSE FEES	59.4	62.0	2.6	1.9%	1.2	59.9	62.1	2.3	0.2%	0.2	60.1	62.6	2.6	0.8%	0.5
LGPFI Interest	1,427.9	1,448.1	20.2	9.2%	122.0	1,547.7	1,575.6	27.9	8.8%	127.5	1,647.7	1,683.2	35.5	6.8%	107.6
STO Interest	223.7	225.2	1.5	-17.3%	(47.1)	219.3	228.5	9.2	1.5%	3.3	228.1	232.6	4.5	1.8%	4.1
STPF Interest	361.1	366.2	5.1	11.6%	38.0	401.1	409.8	8.7	11.9%	43.6	445.9	458.7	12.8	11.9%	48.9
TOTAL INTEREST	2,012.7	2,039.5	26.8	5.9%	112.9	2,168.1	2,213.9	45.8	8.6%	174.4	2,321.7	2,374.5	52.8	7.3%	160.6
Gross Federal Mineral Leasing	2,680.5	2,553.4	(127.0)	-2.2%	(57.8)	2,724.6	2,518.6	(206.0)	-1.4%	(34.8)	2,762.1	2,535.6	(226.5)	0.7%	17.0
Excess to Early Childhood Trust Fund	(381.2)	(246.5)	134.7	-62.8%	416.6	(51.5)	-	51.5	-100.0%	246.5	-	-	-	#DIV/0!	-
Excess to STPF	(654.3)	(662.1)	(7.8)	118.3%	(358.8)	(1,028.1)	(873.7)	154.3	32.0%	(211.7)	(1,117.1)	(890.7)	226.4	1.9%	(17.0)
NET Federal Mineral Leasing	1,645.0	1,644.9	(0.1)	0.0%	-	1,645.0	1,644.9	(0.1)	0.0%	-	1,645.0	1,644.9	(0.1)	0.0%	-
State Land Office	53.0	53.0	-	0.2%	0.1	53.2	53.2	-	0.3%	0.2	53.3	53.3	-	0.3%	0.1
TOTAL RENTS & ROYALTIES	1,698.0	1,697.9	(0.1)	0.0%	0.1	1,698.2	1,698.1	(0.1)	0.0%	0.2	1,698.3	1,698.2	(0.1)	0.0%	0.1
TRIBAL REVENUE SHARING	81.7	83.0	1.3	1.3%	1.1	82.8	84.2	1.4	1.4%	1.2	83.6	85.1	1.5	1.1%	0.9
MISCELLANEOUS RECEIPTS	40.4	40.4	-	0.4%	0.2	40.3	40.3	-	-0.2%	(0.1)	39.9	39.9	-	-0.9%	(0.4)
REVERSIONS	75.0	75.0	-	0.0%	-	75.0	75.0	-	0.0%	-	75.0	75.0	-	0.0%	-
TOTAL RECURRING	13,425.5	13,308.1	(117.4)	2.0%	260.3	13,861.9	13,736.3	(125.6)	3.2%	428.2	14,389.0	14,176.0	(213.1)	3.2%	439.6
2023 Nonrecurring Legislation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2022 Nonrecurring Legislation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2021 Nonrecurring Legislation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Nonrecurring	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL NONRECURRING	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
GRAND TOTAL General Fund	13,425.5	13,308.1	(117.4)	2.0%	260.3	13,861.9	13,736.3	(125.6)	3.2%	428.2	14,389.0	14,176.0	(213.1)	3.2%	439.6

Appendix 2: Economic Indicators

U.S. and New Mexico Economic Indicators

		FY23		FY24		FY25		FY26		FY27		FY28	
		Aug 23	Dec 23	Aug 23	Dec 23	Aug 23	Dec 23	Aug 23	Dec 23	Aug 23	Dec 23	Aug 23	Dec 23
		Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
National Economic Indicators													
S&P Global	US Real GDP Growth (annual avg., % YOY)*	2.3	2.4	1.1	2.4	1.5	2.1	1.7	1.2	1.8	1.5	1.8	1.8
Moody's	US Real GDP Growth (annual avg., % YOY)*	1.7	1.6	1.1	2.4	1.8	1.4	2.7	2.0	2.7	2.3	2.6	2.4
S&P Global	US Inflation Rate (CPI-U, annual avg., % YOY)**	4.1	4.1	2.8	2.4	2.5	2.3	2.3	2.3	2.3	2.1	2.2	2.2
Moody's	US Inflation Rate (CPI-U, annual avg., % YOY)**	6.3	6.3	3.1	3.2	2.3	2.4	2.0	2.2	2.0	2.2	2.0	2.2
S&P Global	Federal Funds Rate (%)	5.0	3.8	5.4	5.5	3.6	4.8	2.6	3.4	2.6	2.7	2.6	2.6
Moody's	Federal Funds Rate (%)	3.8	3.8	5.3	5.3	3.9	4.7	2.7	3.7	2.5	3.0	2.5	2.9
New Mexico Labor Market and Income Data													
BBER	NM Non-Agricultural Employment Growth (%)	2.8	3.0	1.0	1.0	0.1	0.2	0.3	0.3	0.5	0.5	0.6	0.5
Moody's	NM Non-Agricultural Employment Growth (%)	2.8	2.8	1.5	1.6	0.5	0.5	0.5	0.3	0.2	0.1	0.2	0.1
BBER	NM Nominal Personal Income Growth (%)***	2.5	2.1	5.4	4.3	4.5	4.6	4.4	4.8	4.3	4.5	4.5	4.4
Moody's	NM Nominal Personal Income Growth (%)***	2.5	1.9	6.4	4.2	4.6	4.3	4.0	4.2	4.2	4.3	4.1	4.3
BBER	NM Total Wages & Salaries Growth (%)	9.3	8.4	4.0	5.5	3.8	3.8	3.7	3.6	3.7	3.7	3.7	3.8
Moody's	NM Total Wages & Salaries Growth (%)	10.1	8.3	6.1	5.8	4.4	4.6	3.9	4.1	3.5	3.7	3.4	3.7
BBER	NM Private Wages & Salaries Growth (%)	9.3	8.4	4.4	6.0	3.7	3.7	3.7	3.6	3.7	3.7	3.7	3.9
BBER	NM Real Gross State Product (% YOY)	1.7	1.8	1.2	1.6	1.9	1.7	1.6	1.2	1.7	1.6	1.7	1.9
Moody's	NM Real Gross State Product (% YOY)	1.9	2.0	1.2	2.1	1.4	1.0	2.5	1.7	2.4	1.9	2.3	1.9
CREG	NM Gross Oil Price (\$/barrel)	\$80.50		\$74.50		\$73.00		\$71.00		\$70.00		\$70.00	
CREG	NM Net Oil Price (\$/barrel)*****	\$70.52		\$65.41		\$64.09		\$62.34		\$61.46		\$61.46	
BBER	Oil Volumes (million barrels)	656	656	652	652	648	648	648	648	653	652	659	655
CREG	NM Taxable Oil Volumes (million barrels)	659		695		725		760		775		785	
	NM Taxable Oil Volumes (%YOY growth)	24.0%		5.5%		4.3%		4.8%		2.0%		1.3%	
CREG	NM Gross Gas Price (\$ per thousand cubic feet)****	\$5.65		\$3.60		\$3.95		\$4.20		\$4.30		\$4.40	
CREG	NM Net Gas Price (\$ per thousand cubic feet)*****	\$4.28		\$2.49		\$2.78		\$2.99		\$3.08		\$3.17	
BBER	Gas Volumes (billion cubic feet)	3,187	3,232	3,094	3,227	3,042	3,156	3,048	3,168	3,082	3,193	3,141	3,232
CREG	NM Taxable Gas Volumes (billion cubic feet)	3,230		3,410		3,555		3,580		3,615		3,635	
	NM Taxable Gas Volumes (%YOY growth)	24.4%		5.6%		4.3%		0.7%		1.0%		0.6%	

Notes

* Real GDP is BEA chained 2012 dollars, billions, annual rate

** CPI is all urban, BLS 1982-84=1.00 base

***Nominal Personal Income growth rates are for the calendar year in which each fiscal year begins

****The gross gas prices are estimated using a formula of NYMEX, EIA, and S&P Global future prices

*****The net oil and gas prices represent calculated prices based on taxable values of the product after deductions for transportation, processing, and royalties

Sources: BBER - July 2023 FOR-UNM baseline. S&P Global Insight - July 2023 baseline.

DFA Notes

* Real GDP is BEA chained 2012 dollars, billions, annual rate

** CPI is all urban, BLS 1982-84=1.00 base

***Nominal Personal Income growth rates are for the calendar year in which each fiscal year begins

****The gross gas prices are estimated using a formula of NYMEX, EIA, and Moody's January future prices

*****The net oil and gas prices represent calculated prices based on taxable values of the product after deductions for transportation, processing, and royalties

Sources: Moody's baseline

Appendix 3: Sources and Uses

Sources and Uses of Bonding Capacity Available for Authorization and Severance Tax Permanent Fund Transfer (in millions) DECEMBER 2023 Estimate						
Sources of Funds	FY24	FY25	FY26	FY27	FY28	5-Year
General Obligation Bonds	\$297.4		\$297.4		\$297.4	\$892.2
Senior STBs	\$1,384.7	\$1,390.3	\$1,300.3	\$1,237.8	\$1,174.2	\$6,487.2
Severance Tax Bonds	\$666.5	\$666.5	\$666.5	\$666.5	\$666.5	\$3,332.5
Severance Tax Notes	\$718.2	\$723.8	\$633.8	\$571.3	\$507.7	\$3,154.7
Supplemental STBs	\$757.0	\$756.7	\$733.1	\$740.5	\$740.5	\$3,727.8
Supplemental Severance Tax Bonds	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Supplemental Severance Tax Notes	\$757.0	\$756.7	\$733.1	\$740.5	\$740.5	\$3,727.8
TOTAL Sources of Funds	\$2,439.1	\$2,146.9	\$2,330.8	\$1,978.3	\$2,212.1	\$11,107.2
Uses of Funds	FY24	FY25	FY26	FY27	FY28	5-Year
GOB Projects Approved by Referendum	\$297.4		\$297.4		\$297.4	\$892.2
Authorized but Unissued STB Projects	\$7.7	\$0.0	\$0.0	\$0.0	\$0.0	\$7.7
9.0% of Senior STB for Water Projects	\$124.6	\$125.1	\$117.0	\$111.4	\$105.7	\$583.8
4.5% of Senior STB for Colonias Projects	\$62.3	\$62.6	\$58.5	\$55.7	\$52.8	\$291.9
4.5% of Senior STB for Tribal Projects	\$62.3	\$62.6	\$58.5	\$55.7	\$52.8	\$291.9
2.5% Housing Trust Fund Projects	\$34.6	\$34.8	\$32.5	\$30.9	\$29.4	\$162.2
New Senior STB Statewide Capital Projects	\$1,093.1	\$1,105.3	\$1,033.7	\$984.0	\$933.5	\$5,149.6
PSCOC Public School Capital	\$757.0	\$756.7	\$733.1	\$740.5	\$740.5	\$3,727.8
TOTAL Uses of Funds	\$2,439.1	\$2,146.9	\$2,330.8	\$1,978.3	\$2,212.1	\$11,107.2
Estimated Transfer to Severance Tax Permanent Fund						
	FY24	FY25	FY26	FY27	FY28	5-Year
Severance Tax Permanent Fund Transfer	\$713.0	\$327.9	\$329.2	\$316.3	\$344.1	\$2,030.5

Note: The estimated annual permanent fund transfer includes the mandatory annual transfer of \$23.69 million for FY24 through FY28, pursuant to the Laws of 2019, Section 2, Chapter 273 and \$92.0 million for FY24 through FY33, pursuant to the Laws of 2023, Section 2, Chapter 124. The authorized but unissued project amount for FY24 is an estimate and will be finalized prior to January 15, 2024.

Appendix 4: GFFS

DFA GENERAL FUND FINANCIAL SUMMARY

December 2023
(Dollars in Millions)

	Est. FY23	Est. FY24	Est. FY25
APPROPRIATION ACCOUNT			
Revenue:			
Recurring Revenue:			
August 2023 Consensus Revenue Estimate	\$ 11,641.1	\$ 12,611.0	\$ 13,051.0
December 2023 Consensus Revenue Update	\$ (51.5)	\$ 156.9	\$ (3.2)
Subtotal Recurring Revenue	\$ 11,589.7	\$ 12,767.8	\$ 13,047.8
Nonrecurring Revenue			
2023 Legislation Session Nonrecurring Revenue Legislation	\$ (694.6)	\$ (12.7)	
2022 Legislation Session Nonrecurring Revenue Legislation	\$ (80.9)	\$ (6.7)	
2021 Legislation Session Nonrecurring Revenue Legislation	\$ (0.6)		
Other Nonrecurring Revenue Legislation	\$ 76.5		
Subtotal Nonrecurring Revenue	\$ (699.6)	\$ (19.4)	\$ -
Total Revenue	\$ 10,890.1	\$ 12,748.5	\$ 13,047.8
Appropriations:			
Recurring Appropriations:			
2022 Recurring Appropriations	\$ 8,378.2		
2022 Special Session	\$ 26.1		
2023 Regular Session and Feed Bill	\$ 19.7	\$ 9,568.6	
Subtotal Recurring Appropriations	\$ 8,424.0	\$ 9,568.6	
Nonrecurring:			
2022 Nonrecurring Appropriations (ARPA Appropriations)	\$ 309.5		
2023 Nonrecurring Appropriations (ARPA Appropriations)	\$ 85.5		
2023 Nonrecurring Appropriations (Unearned Federal Funds)	\$ -	\$ 54.5	
2022 Regular Session Nonrecurring Appropriations	\$ 100.0		
2022 Special Session Nonrecurring Appropriations			
2023 Regular Session Nonrecurring Appropriations	\$ 1,517.5	\$ 771.4	
2023 Regular Session General Fund Capital		\$ 1,074.0	
Subtotal Nonrecurring Appropriations	\$ 2,012.5	\$ 1,845.4	\$ -
Subtotal Recurring and Nonrecurring Appropriations	\$ 10,436.5	\$ 11,414.0	\$ -
2022 GAA Undistributed Nonrecurring Appropriations	\$ 448.1		
2023 GAA Undistributed Nonrecurring Appropriations	\$ (428.5)	\$ 428.5	
Total Appropriations	\$ 10,456.1	\$ 11,842.5	\$ -
Transfers to/(from Operating Reserves)	\$ 829.0	\$ 906.0	

**FY25
New Money
\$3.48 billion
or 36.37%**

GENERAL FUND FINANCIAL SUMMARY

Reserve Detail
(Dollars in Millions)

	Est. FY23	Est. FY24	Est. FY25
OPERATING RESERVE			
Beginning Balance	\$ 565.8	\$ 596.6	\$ 673.9
BOF Emergency Appropriations/Reversions	\$ (2.5)	\$ (4.0)	\$ (4.0)
Disaster Allotments	\$ (71.9)	\$ -	\$ -
Transfers from/to Appropriation Account	\$ 829.0	\$ 906.0	\$ -
Transfers to Tax Stabilization Reserve	\$ (723.9)	\$ (774.6)	\$ -
Transfers from (to) ACF/Other Appropriations ⁴	\$ -	\$ (50.0)	\$ -
Transfers from Tax Stabilization Reserve (1% transfer from TSR)	\$ -	\$ -	\$ -
Transfers from Tax Stabilization Reserve	\$ -	\$ -	\$ -
Ending Balance	\$ 596.6	\$ 673.9	\$ 669.9
APPROPRIATION CONTINGENCY FUND			
Beginning Balance	\$ 11.2	\$ (0.0)	\$ 42.0
Disaster Allotments	\$ (12.8)	\$ (16.0)	\$ (16.0)
Other Appropriations	\$ (395.0)	\$ -	\$ -
Transfers In ^{4, 5}	\$ 449.5	\$ 104.5	\$ -
Unearned Federal Funds	\$ (54.5)	\$ (54.5)	\$ -
Revenue and Reversions	\$ 1.6	\$ 8.0	\$ 8.0
Ending Balance	\$ (0.0)	\$ 42.0	\$ 34.0
STATE SUPPORT RESERVE			
Beginning Balance	\$ 49.5	\$ 10.4	\$ 10.4
Revenues/Transfers	\$ -	\$ -	\$ -
Appropriations	\$ -	\$ -	\$ -
Impact Aid Liability	\$ (39.1)		
Ending Balance	\$ 10.4	\$ 10.4	\$ 10.4
TOBACCO SETTLEMENT PERMANENT FUND			
Beginning Balance	\$ 300.2	\$ 330.8	\$ 365.3
Transfers In	\$ 23.6	\$ 32.5	\$ 32.5
Appropriation to Tobacco Settlement Program Fund	\$ (11.5)	\$ (16.3)	\$ (16.3)
Gains/Losses	\$ 18.5	\$ 18.2	\$ 20.1
Additional Transfers from TSPF		\$ -	\$ -
Transfer to General Fund Appropriation Account			
Ending Balance	\$ 330.8	\$ 365.3	\$ 401.6
TAX STABILIZATION RESERVE			
Beginning Balance	\$ 2,303.3	\$ 3,050.4	\$ 3,949.7
Revenues In ¹	\$ 1,149.8	\$ 672.4	\$ 428.1
Transfers In (from Operating Reserve)	\$ 723.9	\$ 774.6	\$ -
Transfer Out to Operating Reserve ³	\$ -	\$ -	\$ -
Transfers Out to Early Childhood Trust Fund ²	\$ (1,149.8)	\$ (672.4)	\$ (428.1)
Gains/Losses	\$ 24.8	\$ 124.6	\$ 158.0
Other appropriations	\$ (1.5)	\$ -	\$ -
Audit Adjustments for Rounding	\$ -	\$ -	\$ -
Ending Balance	\$ 3,050.4	\$ 3,949.7	\$ 4,107.7
Total General Fund Ending Balances	\$ 3,988.3	\$ 5,041.3	\$ 5,223.6
Percent of Recurring Appropriations	47.3%	52.7%	

1. Estimated transfers to TSR from excess oil and gas emergency tax revenues in excess of the rolling five-year average.

2. Laws 2020, Chapter 3 (HB83) established that if reserve balances exceed 25 percent of recurring appropriations the excess oil and gas emergency tax revenue in excess of the rolling five-year average be distributed to the Early Childhood Trust Fund.

3. Laws 2020, HB341 transfers a portion of the balance in the Tax Stabilization Reserve (TSR) if the General Fund Operating Reserve is less than one percent of aggregate appropriations. The amount transferred is equal to the lesser of the one percent of appropriations or the amount necessary so that the balance in the Operating Reserve is one percent of percent aggregate appropriations.

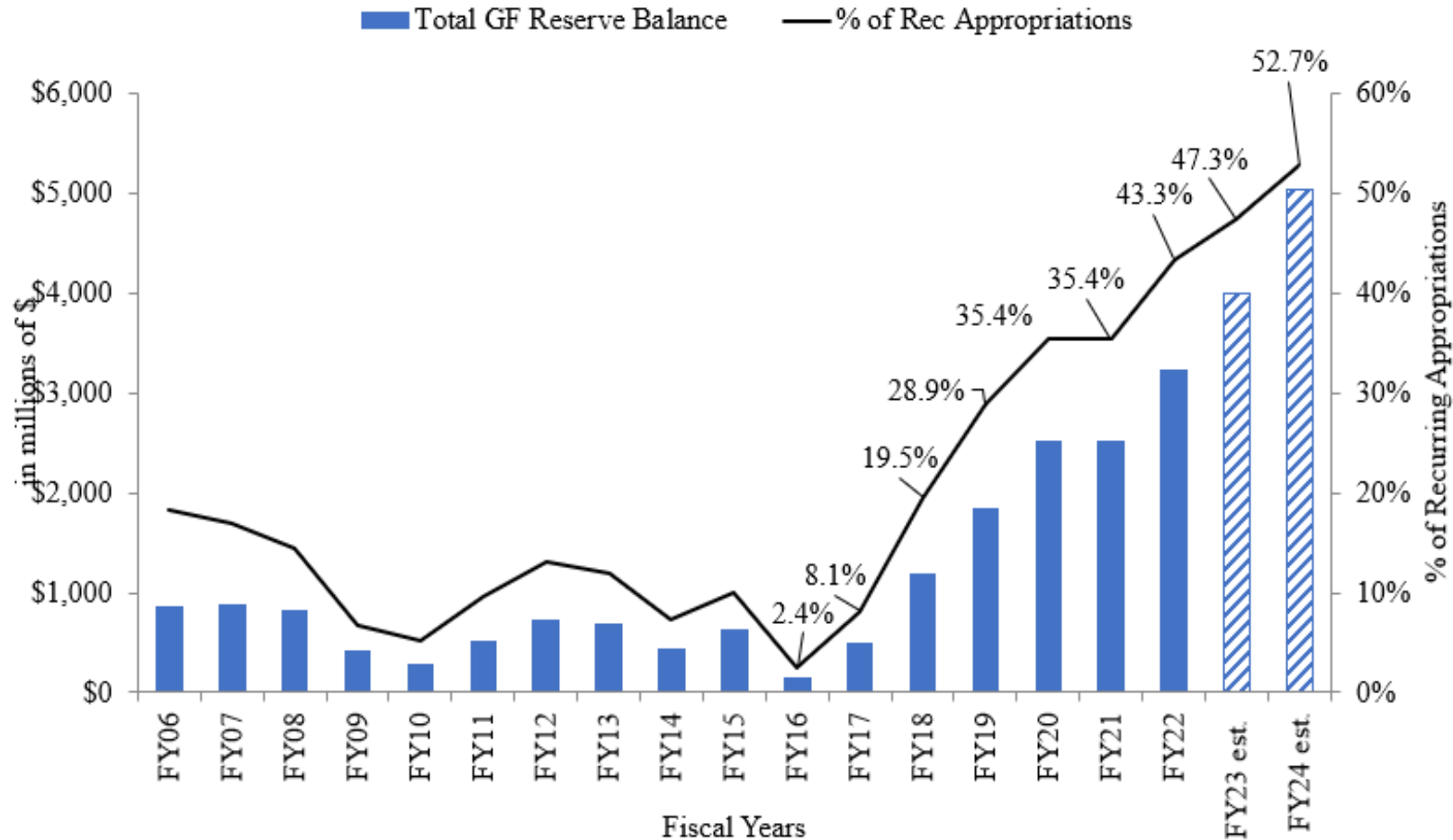
4. Laws of 2023, appropriated \$50 million from the operating reserve to the appropriation contingency fund in FY23.

5. 2021 Second Special session appropriated \$1.069 billion of ARPA funds to appropriation contingency fund. Remaining unearned federal funds in suspense account are \$54.5 million in FY23.

Totals may not sum due to rounding

Appendix 5: General Fund Reserves

General Fund Reserve Balances as a Percent of Recurring Appropriations



Source: DFA, FCD, CREG

- FY23 general fund reserve balances are estimated to be \$3.98 billion or 47.3% of recurring appropriations
 - Projected FY23 reserves increased in part due to an estimated 2023 GAA undistributed nonrecurring appropriations of \$428 million
 - Most of these appropriations are attributed to HB 2 Section 5 (Specials) and HB 2 Section 9 (DOT)
- Estimated FY24 general fund reserves are at \$5 billion or 52.7% of recurring appropriations.*
 - (*pending 2024 legislative appropriations)

Appendix 6: Early Childhood Education and Care Fund

Early Childhood Education and Care Fund

	CY20	CY21	CY22	CY23	CY24	CY25	CY26	CY27	CY28
Beginning Balance	\$ 300.0	\$ 306.1	\$ 314.6	\$3,462.0	\$5,523.5	\$7,757.3	\$ 9,124.0	\$ 9,790.2	\$ 9,867.5
Gains & Losses	\$ 6.1	\$ 28.4	\$ (7.1)	\$ 138.5	\$ 220.9	\$ 310.3	\$ 365.0	\$ 391.6	\$ 394.7
Excess FML	\$ -	\$ -	\$1,501.7	\$2,073.0	\$1,018.1	\$ 663.1	\$ 246.5	\$ -	\$ -
Excess OGAS School Tax	\$ -	\$ -	\$1,682.8		\$1,149.8	\$ 672.4	\$ 428.1	\$ 130.2	\$ -
Distribution to ECE Program Fund		\$ (20.0)	\$ (30.0)	\$ (150.0)	\$ (155.0)	\$ (279.0)	\$ (373.4)	\$ (444.5)	\$ (479.7)
Ending Balance (\$ in millions)	\$ 306.1	\$ 314.6	\$3,462.0	\$5,523.5	\$7,757.3	\$9,124.0	\$ 9,790.2	\$ 9,867.5	\$ 9,782.5

	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28
Distribution to ECE Program Fund	\$ -	\$ 20.0	\$ 30.0	\$ 150.0	\$ 155.0	\$ 279.0	\$ 373.4	\$ 444.5

Note: FML and OGAS distributions based on December 2023 Consensus Revenue Forecast

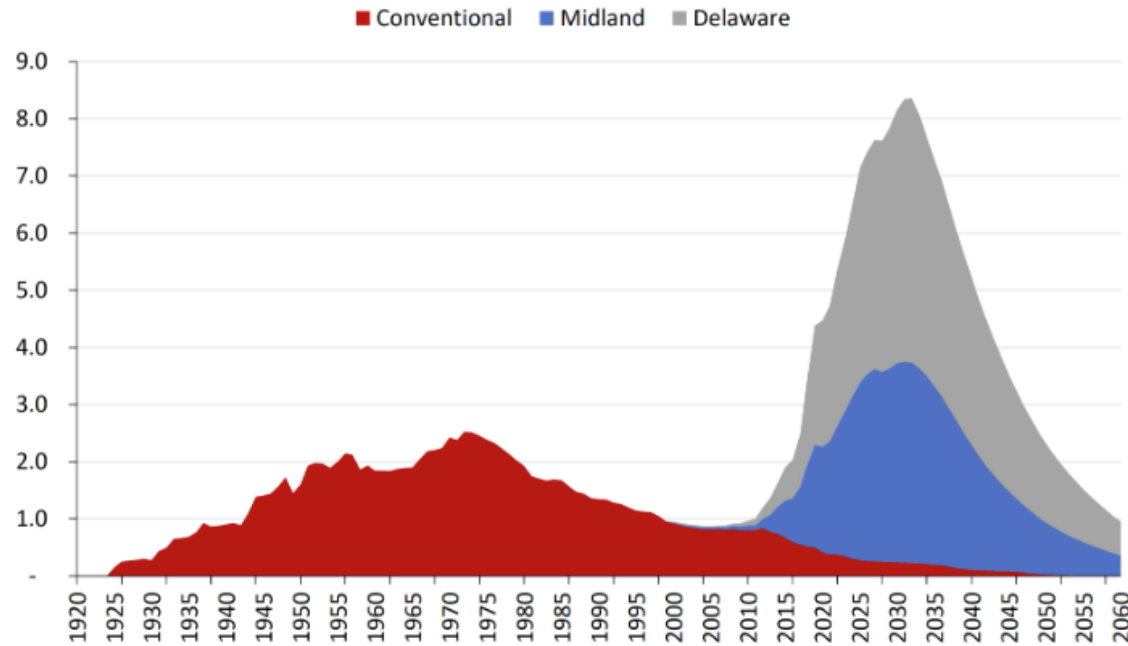
Note: Distribution to ECE Program Fund occurs in FY not CY

Note: 2023's HB191 increased minimum distribution from \$30 million to \$150 million in FY24

Appendix 7a: Rystad Energy: When will Permian oil production Peak?

Figure 1: Permian Basin oil production*

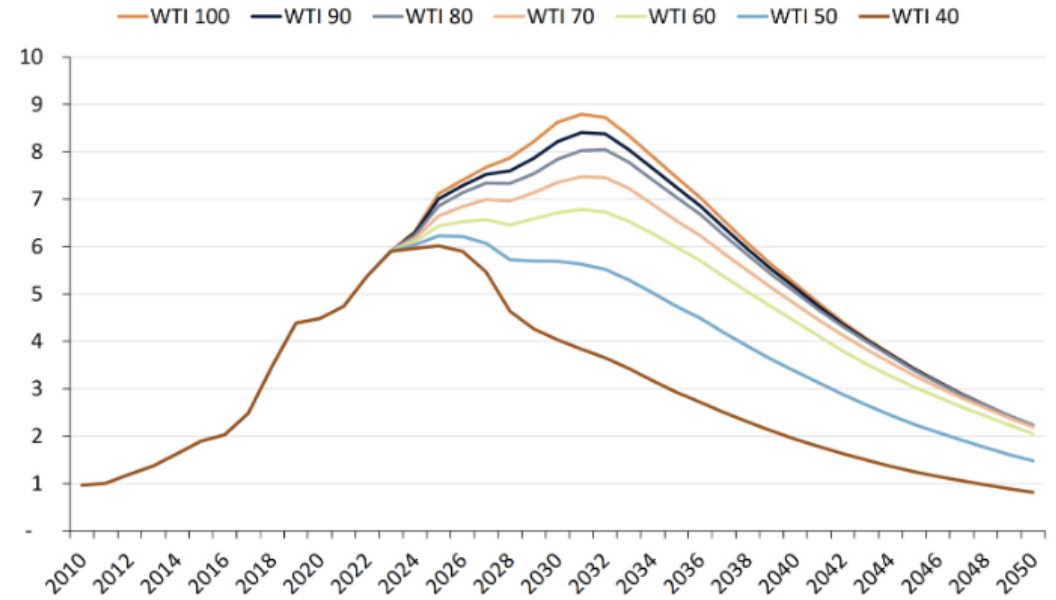
Million barrels per day



*Crude and condensate production. Outlook contingent on existing WTI prices of around \$80 per barrel
Source: Rystad Energy UCube, Rystad Energy research and analysis

Figure 2: Permian Basin oil* production by price scenario

Million barrels per day

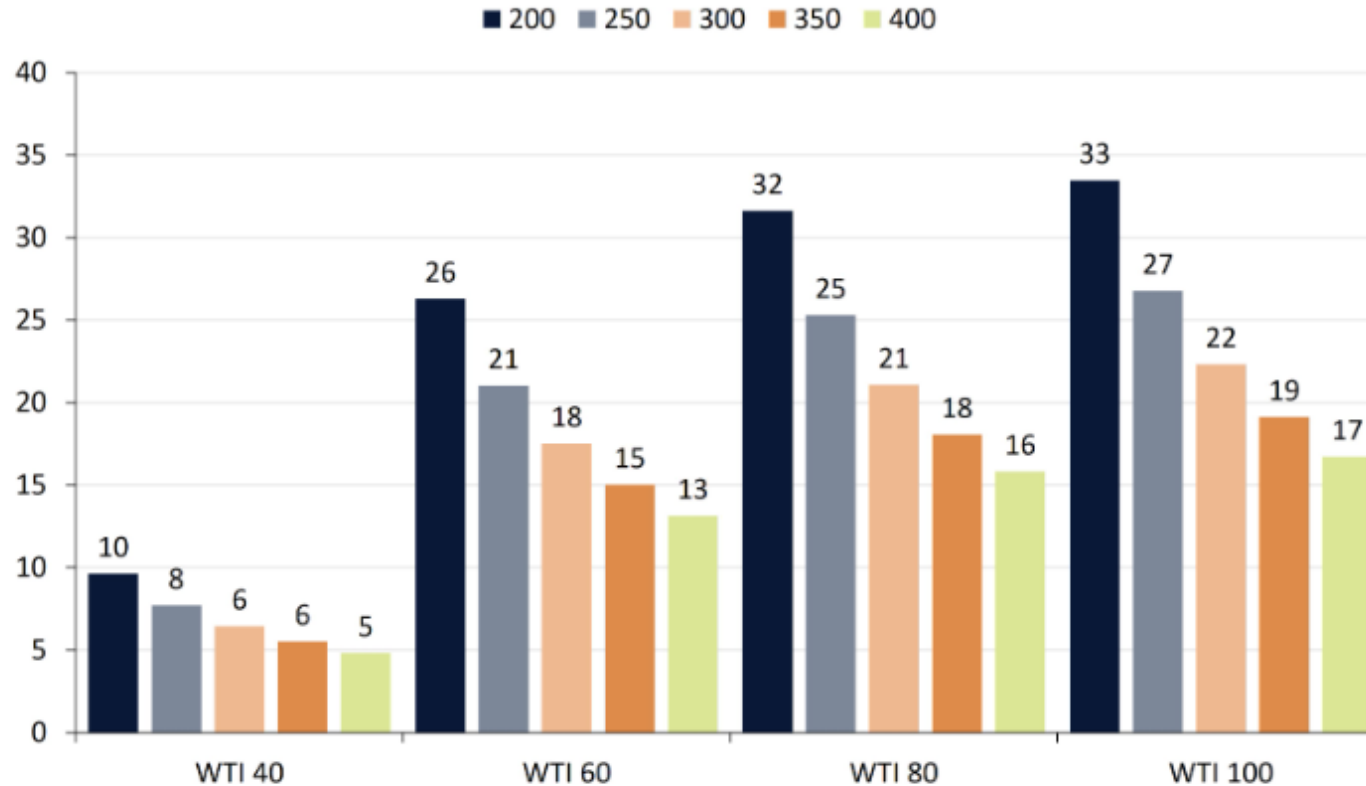


*Crude and condensate production
Source: Rystad Energy UCube

- Rystad Energy expects New Mexico to follow the same path under the assumption that companies can develop the entirety of their existing undeveloped acreage position.
- Rystad Energy sees a potential for the peak to occur already around 2027-2028 if WTI prices are to average \$70-\$90 per barrel.

Appendix 7b: Rystad Energy: When will Permian oil production Peak?

Figure 4: Permian Basin remaining drilling years by oil price and rig count*
Years

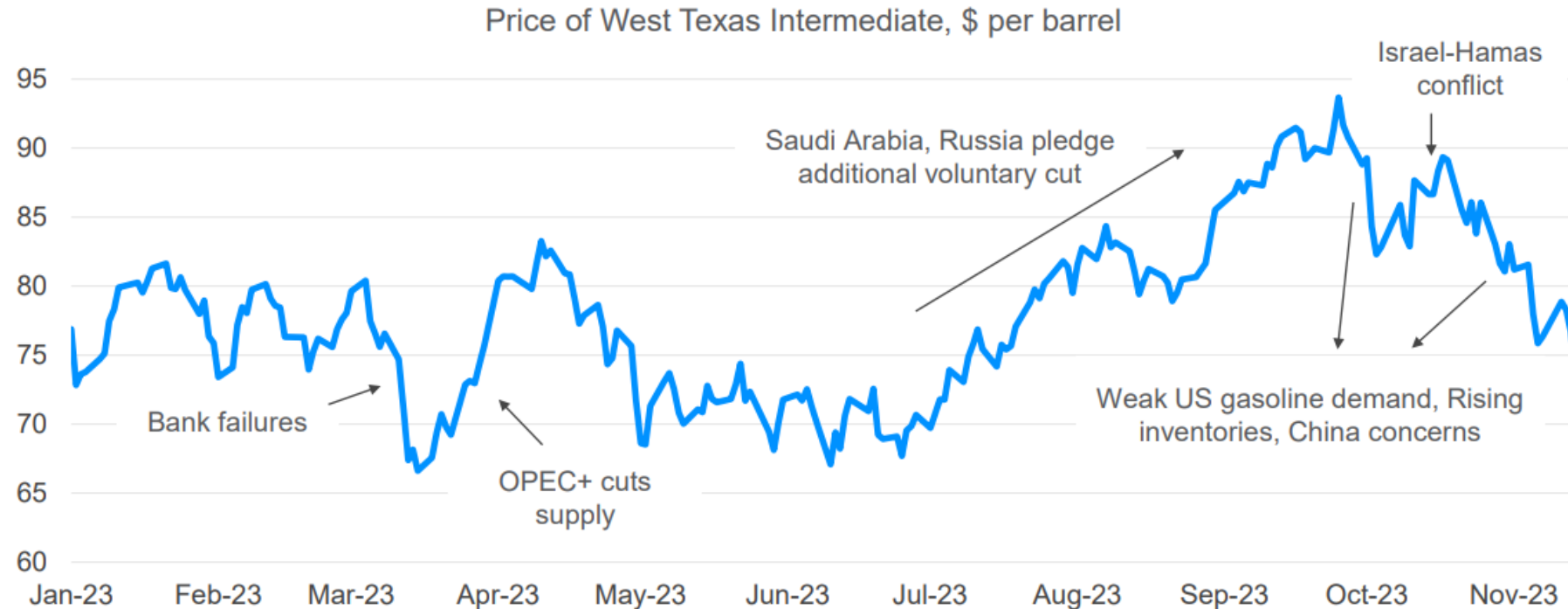


*Drilling efficiency of 18.5 wells per rigyear (Midland and Delaware weighted average as of 2H 2023)
Source: Rystad Energy UCube, Rystad Energy research and analysis

➤ “Despite Permian possibly reaching a peak in 2030-2032, it does not necessarily translate to a rapid production decline from that period onwards.” Rystad Energy

Appendix 8a: Moody's Analytics: Which Way For Energy Prices?

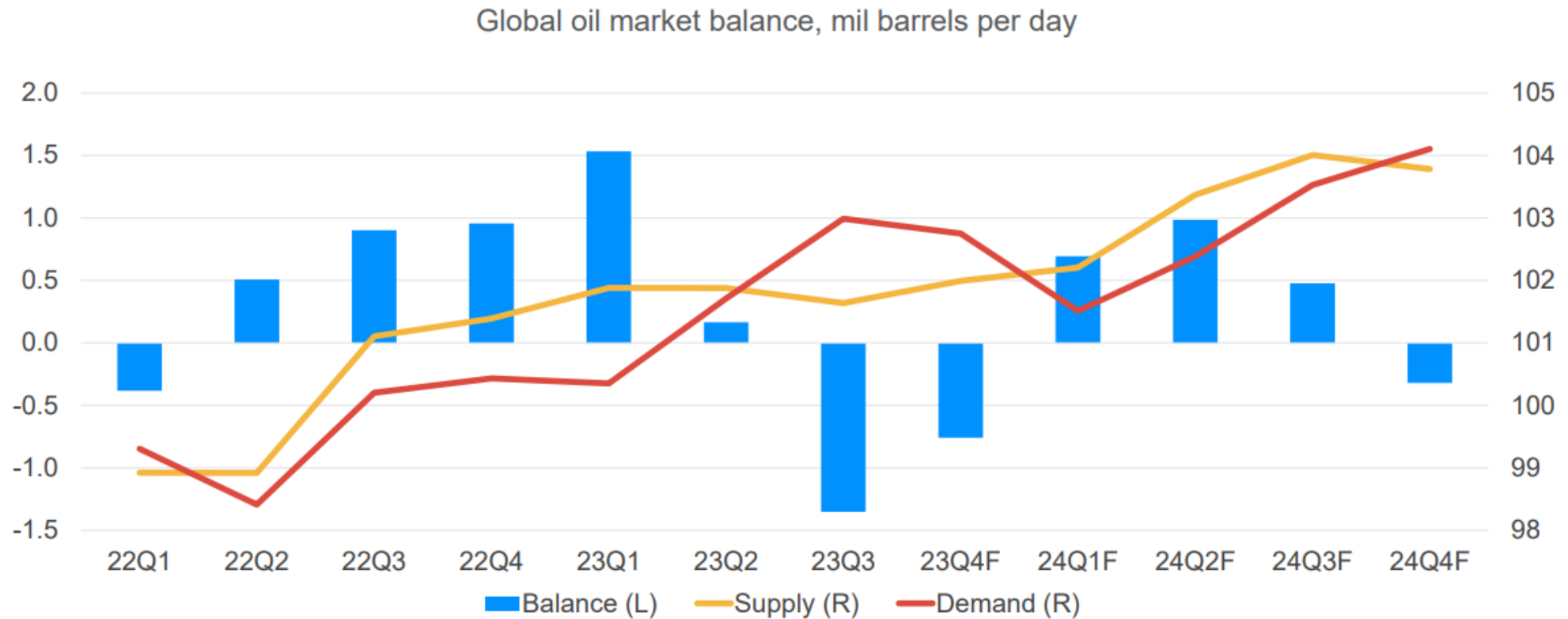
OPEC+ Supply Cuts Have Supported Prices, but Demand Concerns Linger



Sources: EIA, Moody's Analytics

Appendix 8b: Moody's Analytics: Which Way For Energy Prices?

Global Oil Balance Tilts Back into Surplus in 2024 Amid Faltering Demand



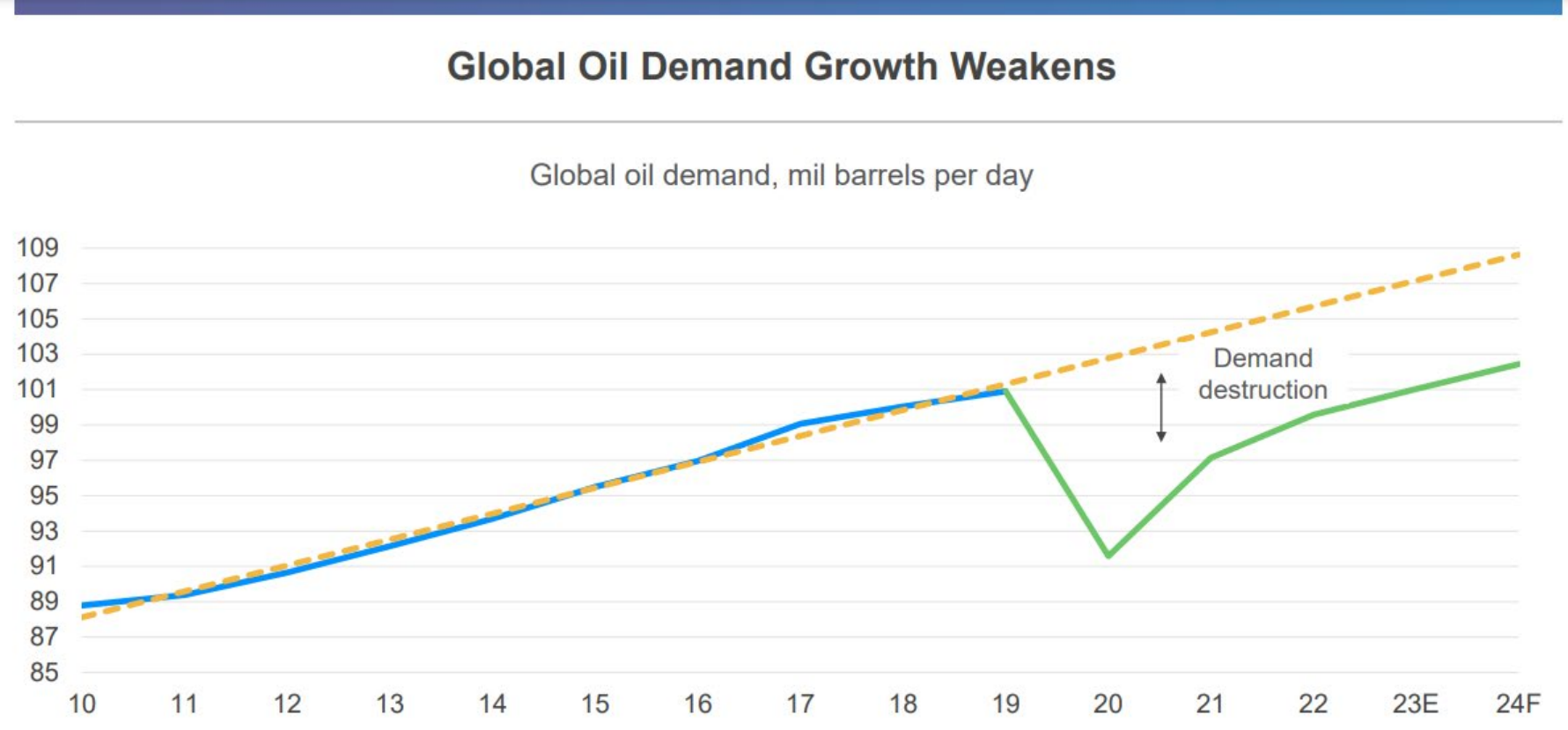
Sources: IEA, EIA, Moody's Analytics

Appendix 8c: Moody's Analytics: Which Way For Energy Prices?

➤ Demand destruction triggered by the COVID-19 pandemic

➤ Driven by:

- Changes in work commute patterns
- Increased fuel efficiencies
- Increased use of electric vehicles



Sources: EIA, Moody's Analytics

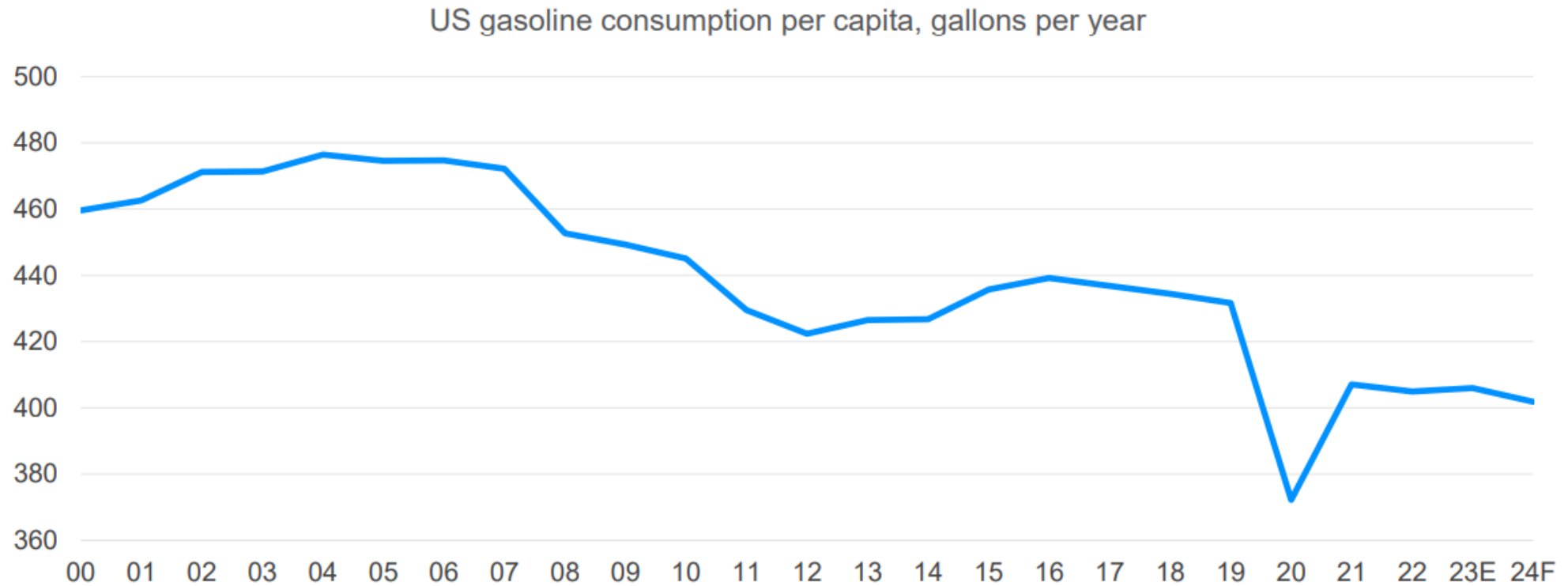
Moody's Analytics

November 2023

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Appendix 8d: Moody's Analytics: Which Way For Energy Prices?

Oil Consumption in Transportations on a Downward Trend

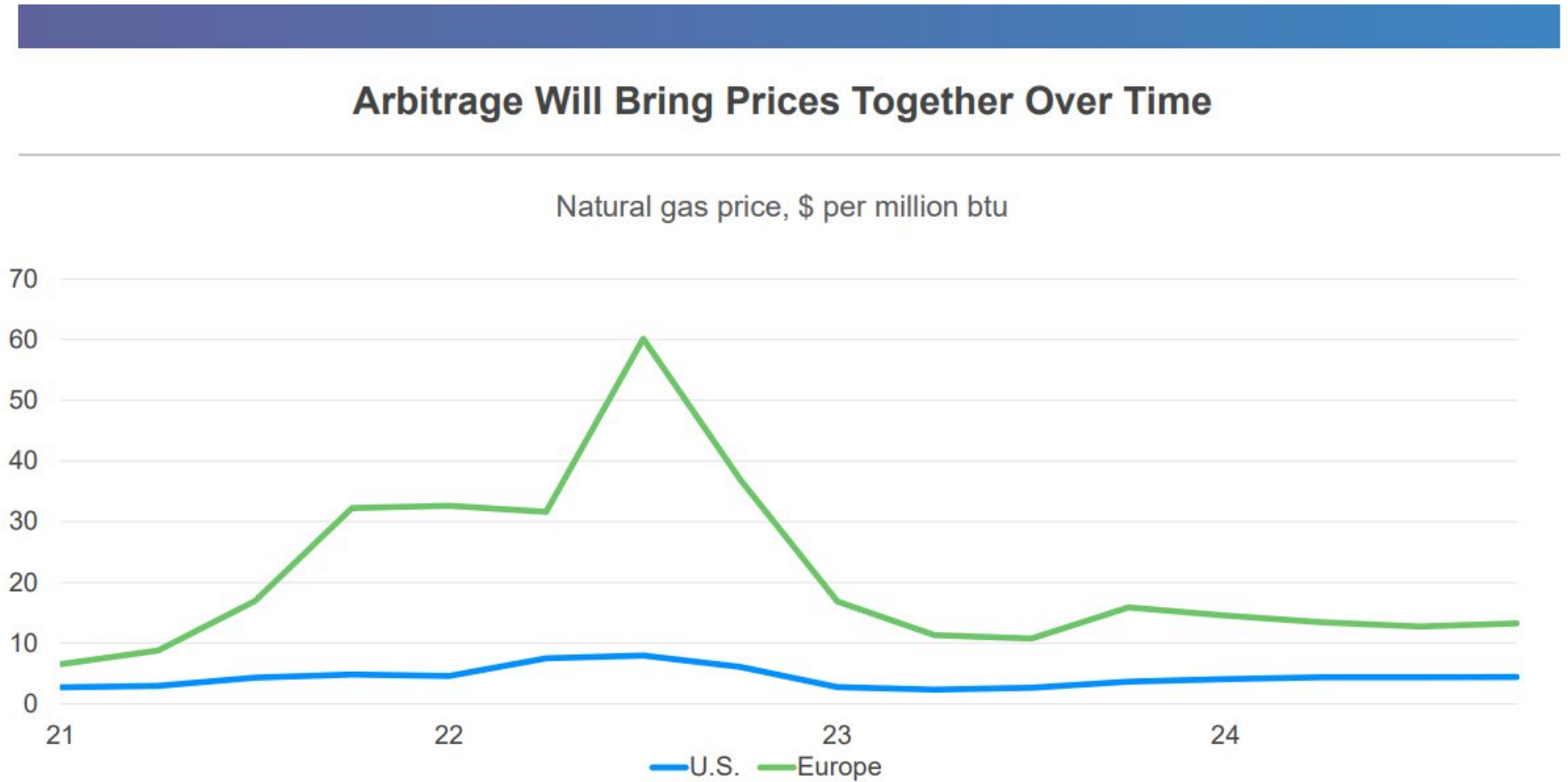


Sources: EIA, Moody's Analytics

Appendix 8e: Moody's Analytics: Which Way For Energy Prices?

➤ Europe's shift in consumption from Russian natural gas to natural gas from the U.S. and other countries will influence prices over time

➤ As U.S. exports increase to meet this demand from Europe, Moody's expects U.S. natural gas prices to increase while Europe prices to come down



Sources: EIA, World Bank, Moody's Analytics

Moody's Analytics

November 2023

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Appendix 9a: Select Industry Employment by Gender in New Mexico, 2021

Industry	% Male	% Female	Industry	% Male	% Female
Full-time, year-round employed 16+	56.2%	43.8%	Information*	64.3%	35.7%
Agriculture, forestry, fishing & hunting ⁺	81.4%	18.6%	Finance & Insurance*	34.6%	65.4%
Mining, quarrying & oil and gas extraction*	87.8%	12.2%	Real estate & rental and leasing	59.4%	40.6%
Construction	92.1%	23.8%	Professional & business services*	61.8%	38.2%
Manufacturing	76.2%	23.8%	Private educational services ⁺	34.5%	65.5%
Wholesale trade	75.0%	25.0%	Health care & social assistance	24.9%	75.1%
Retail trade ⁺	56.5%	43.5%	Arts, entertainment & recreation ⁺	60.1%	39.9%
Transportation & warehousing	81.3%	18.7%	Accommodation & food services ⁺	49.8%	50.2%
Public administration*	55.2%	44.8%			

* Higher income jobs (for public administration, Federal jobs only)

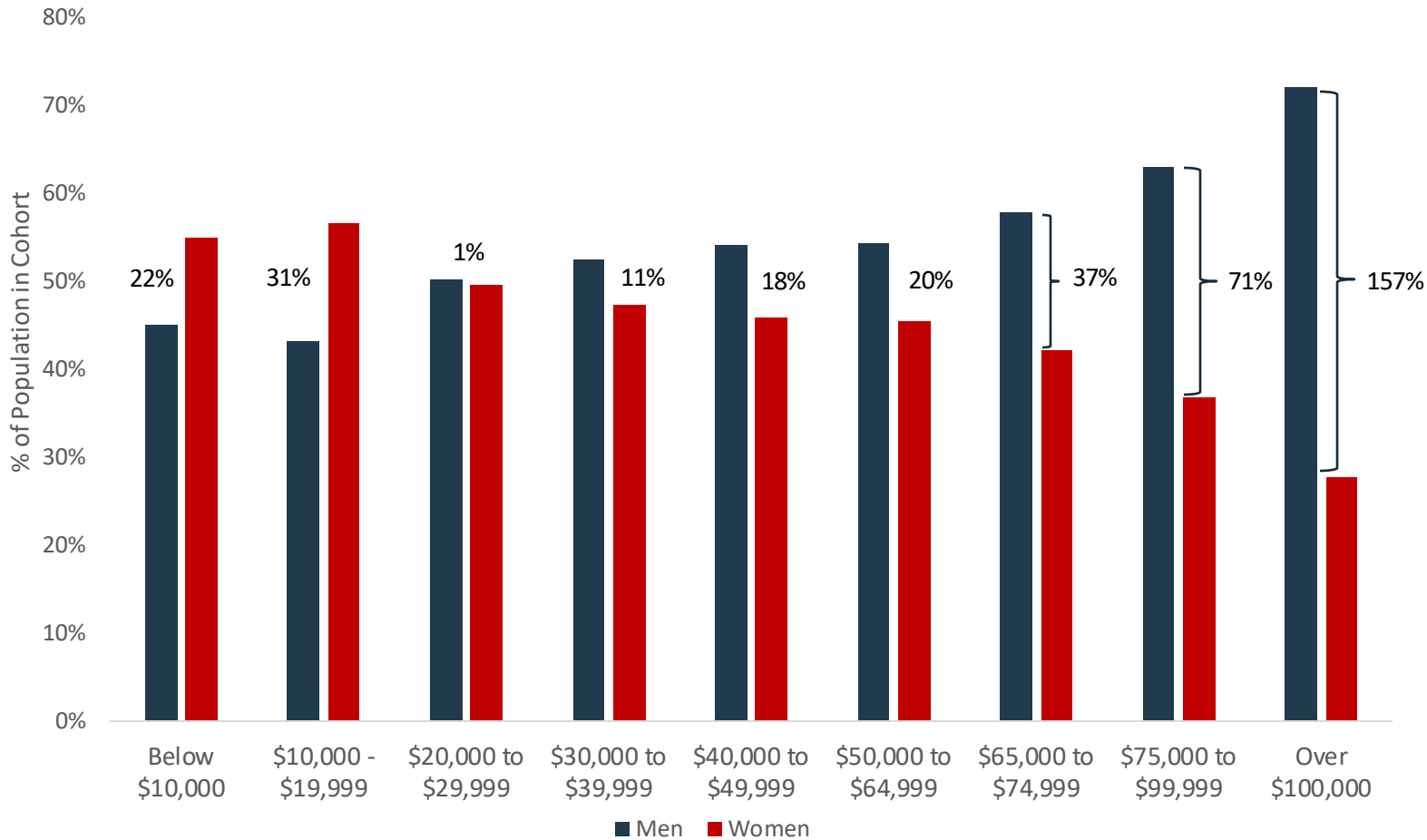
⁺ Lower income jobs

Appendix 9b: New Mexico Annual Income by Gender

- More NM women than men have lower income
 - 22% more NM women earn less than \$10,000 than men
 - More men than women have higher income
 - 159% more New Mexican men earn over \$100,000 than New Mexican women

- Compared to 10 years ago
 - At incomes <\$50,000, the gender gap remains the same
 - The proportion of women with incomes >\$50,000 have steadily increased by an average of 5%

Percent of New Mexico’s Population by Gender and Income, 2021

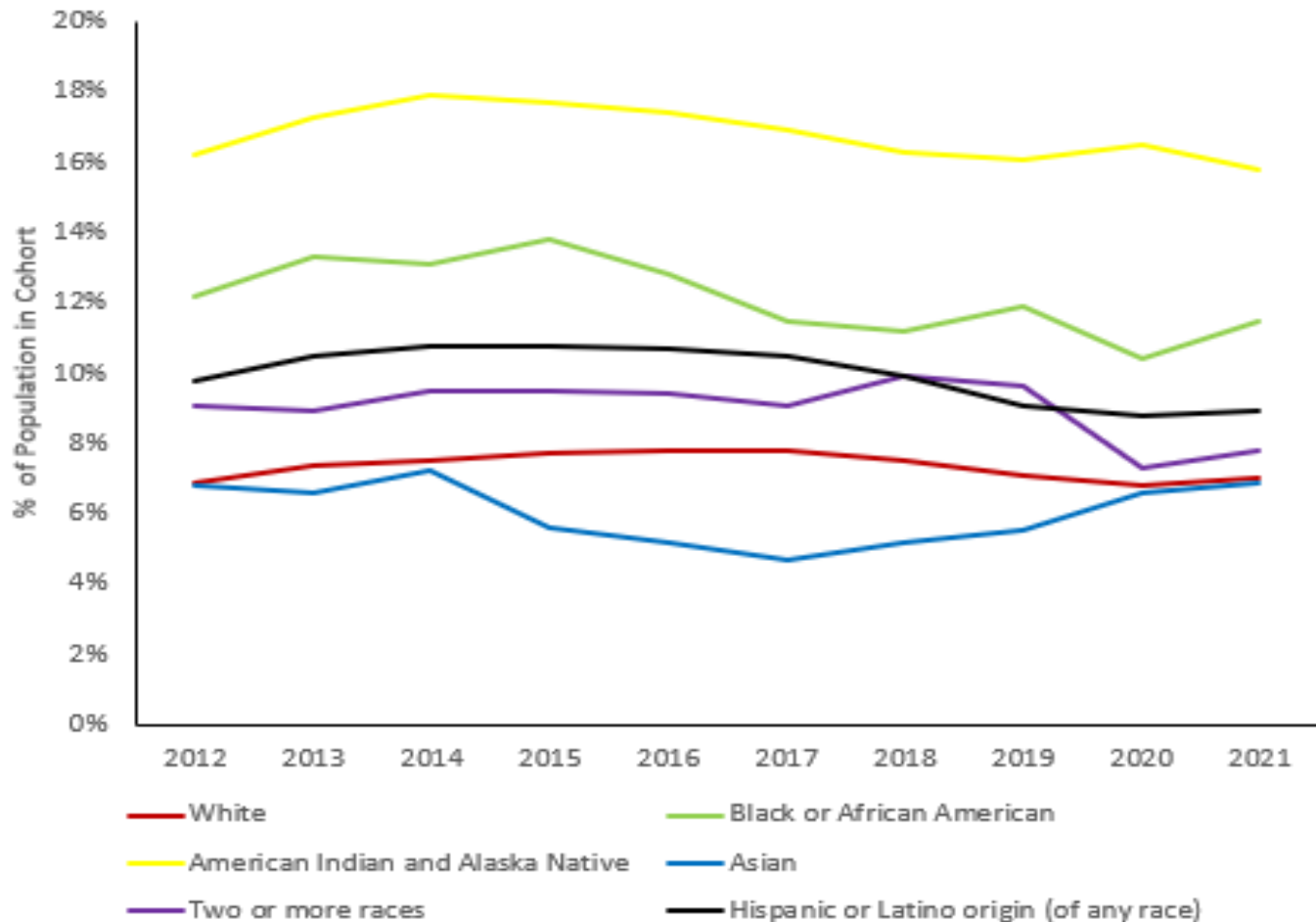


SOURCE: U.S. CENSUS BUREAU, 2021 ACS 5-YEAR ESTIMATES; TABLE B20001

Appendix 10a: New Mexico Poverty Levels by Race

- 10 year average of % of population 50% or below the poverty threshold
 - AM/AI: 16.8%
 - Black or African American: 12.2%
 - Hispanic or Latino: 10.0%
 - 2+ Races: 9.0%
 - White: 7.4%
 - Asian: 6.0%
- Annual income at 50% of the poverty level
 - Individual under 65: \$7,613/yr
 - Family of 4 (2 children): \$14,891/yr

Percent of New Mexico's Population Earning 50% or Below the Poverty Threshold by Race or Ethnicity

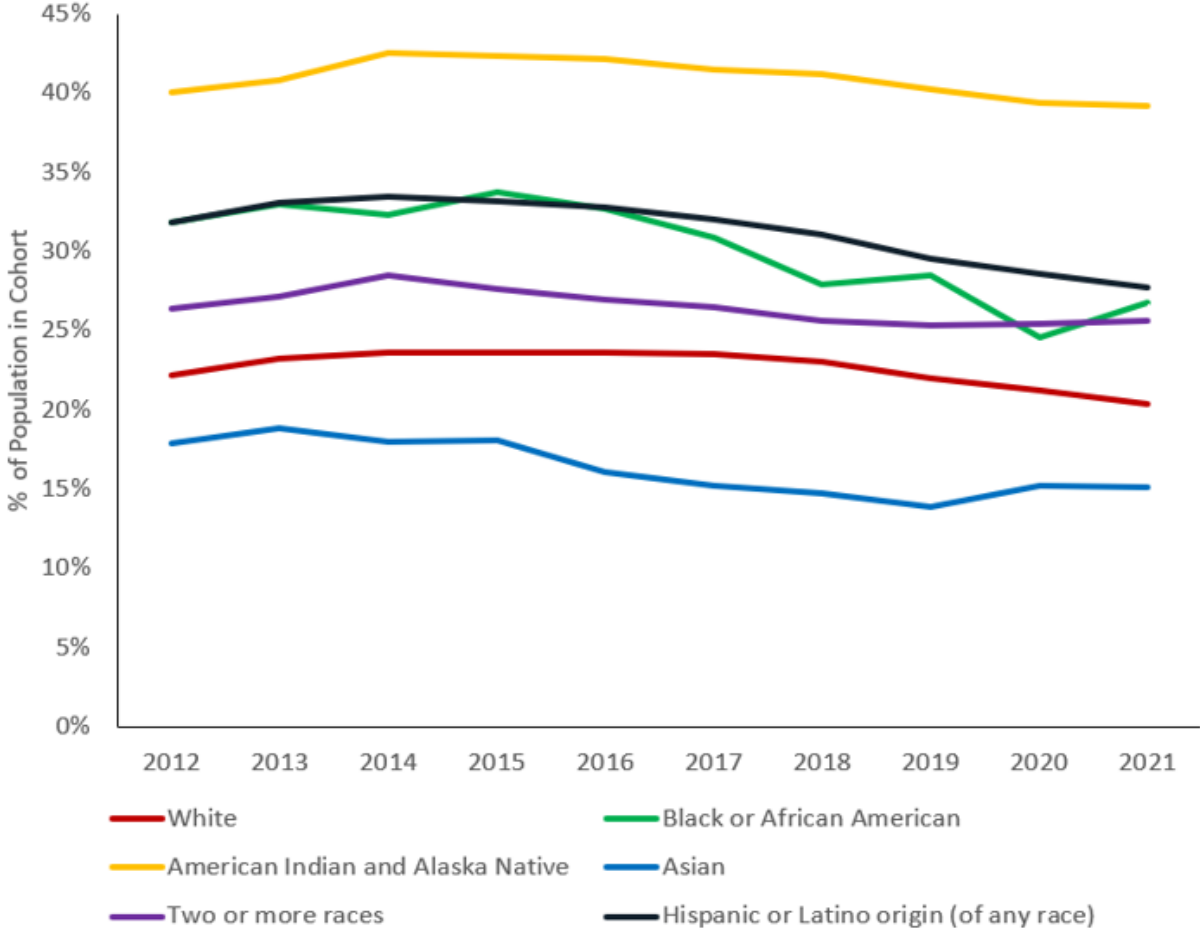


Source: U.S. Census Bureau, ACS 5-Year Estimates; Table S21703, 2012-2021

Appendix 10b: New Mexico Poverty by Ethnicity

- Annual income at 125% of the poverty threshold
 - Individual under 65: \$19,031/yr
 - Family of 4 (2 children): \$37,228/yr
- Transfer payments may have been sufficient to lower the poverty rates at a given threshold level

Percent of New Mexico’s Population Earning 125% or Below the Poverty Threshold by Race or Ethnicity



Source: U.S. Census Bureau, ACS 5-Year Estimates; Table S21703, 2012-2021

Appendix 10c: Tight labor market still evident

- Number of unemployed persons per one job opening in New Mexico has changed since the COVID pandemic
- Historically, New Mexico had more unemployed persons than job openings
- Currently, New Mexico and the nation have more job openings than unemployed persons
- Q3 2023 points toward New Mexico's labor market being slightly tighter than the U.S.'s

New Mexico Unemployed per Job Opening



Source: U.S. Bureau of Labor Statistics, Job Openings and Labor Turnover Survey (JOLTS), 2013-Sept 2023

Appendix 11:

Revenue Volatility by Major Revenue Source (\$ millions)

Deviation from 10 years (FY14-FY23) trend

