

# 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**

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.

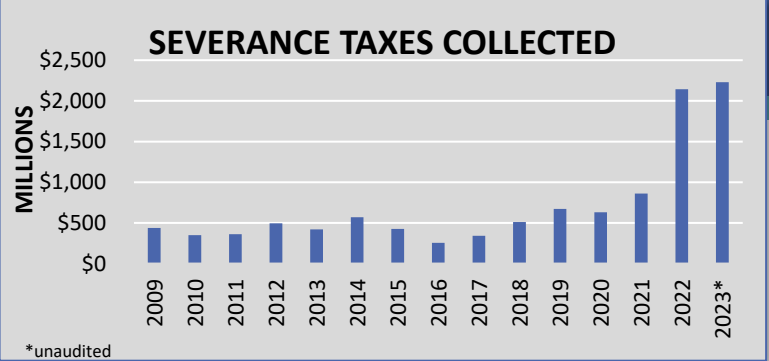
Taxes are transferred monthly to the **Severance Tax Bonding Fund** administered by the State Treasurer's Office for **Debt Service Requirements** on Senior and Supplemental Bonds issued under the **Severance Tax Bonding Act** for capital projects



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

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

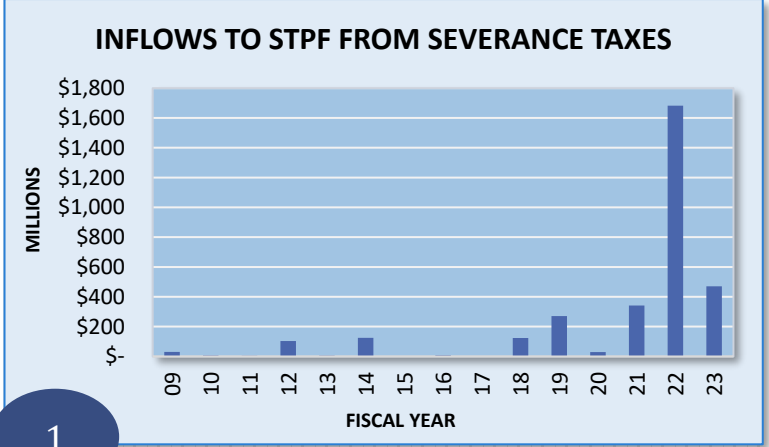
(phased-in thru FY22)



**Severance Tax Permanent Fund**

	1 Year	3 yrs	5yrs	10yrs
STPF Returns	5.86%	7.39%	5.34%	6.61%

(net of fees, 6/30/23)



Constitutional distribution formula to the state general fund 4.7% of 5-year average market value

FY 2015	\$ 182,772,980
FY 2016	\$ 193,509,936
FY 2017	\$ 200,442,324
FY 2018	\$ 210,377,640
FY 2019	\$ 220,621,476
FY 2020	\$ 225,258,444
FY 2021	\$ 234,040,104
FY 2022	\$ 246,398,028
FY 2023	\$ 265,791,612

Averages 3% of state budget  
\$2.150B over the past 10 years

