H

AUGUST 2009 CONSENSUS REVENUE ESTIMATE

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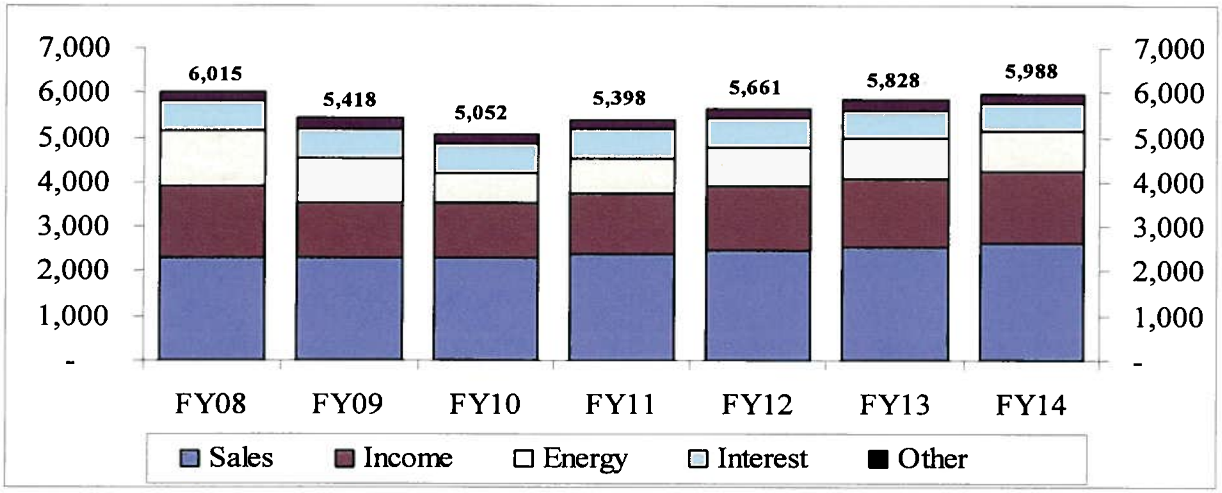
GENERAL FUND RECURRING REVENUE FORECAST
($ in millions)

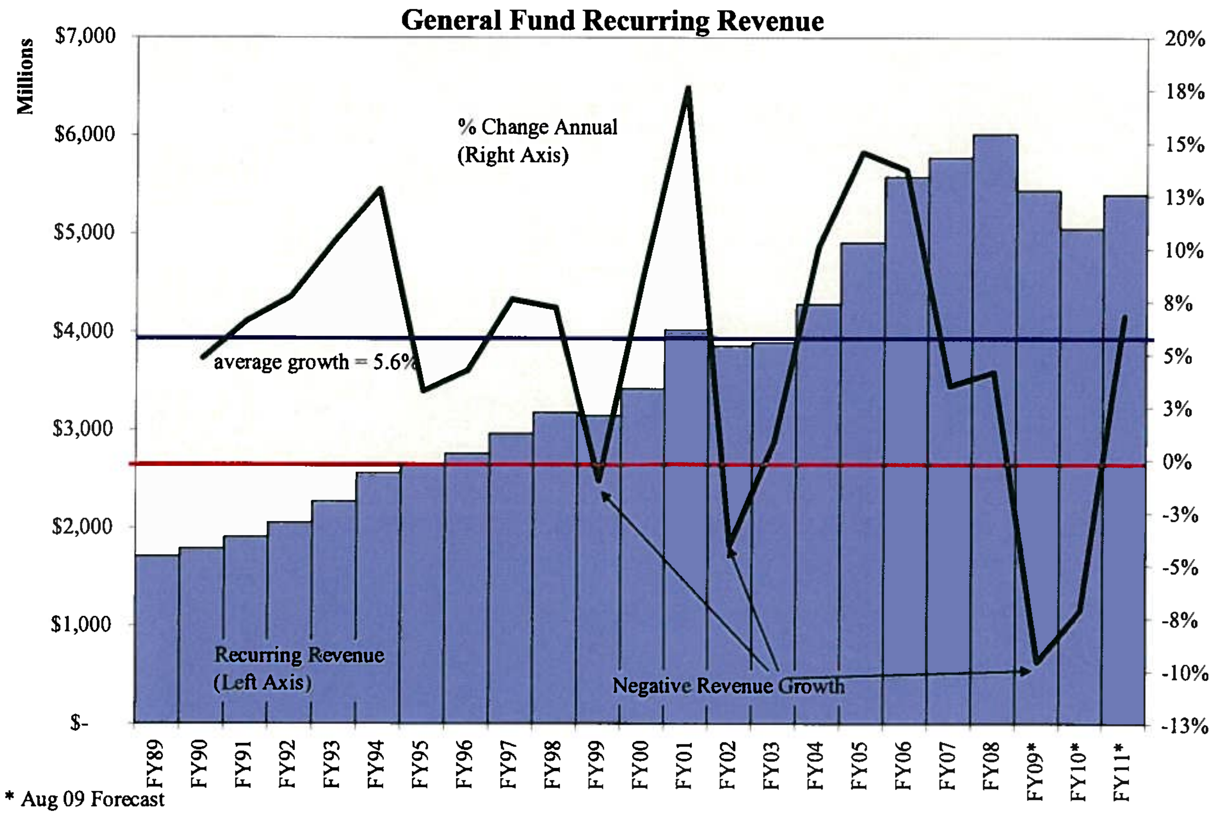


BOTTOM LINE:

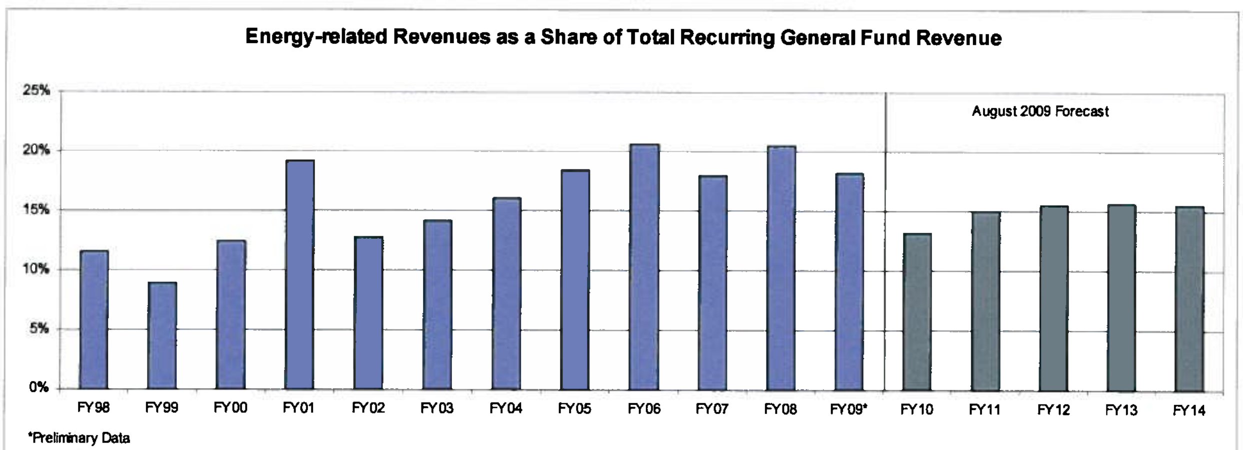
- **FY09 recurring revenue fell $309 million short of forecast. As FY10 begins, reserves are 8.4 percent of FY10 recurring appropriations.**
- **After fund transfers from HB 920 Medicaid FMAP Fund, FY09 revenue fell $133 million short of appropriations. No authority was provided to cover this shortfall.**
- **FY10 will decline by another $433 million. Compared to FY09 appropriations before the solvency package, revenues are down $1 billion or 17 percent.**
- **FY11 will grow but FY08 levels will not be regained until after FY14.**
- **FY10's ending General Fund balances will be -$34 million, a cumulative $675 million reduction from prior estimates.**
- **Lack of timely and accurate revenue reports has become a serious risk to the revenue forecast.**

Growth Rates in August 2009 Consensus Forecast (percent)

	FY09	FY10	FY11	FY12	FY13	FY14
Sales	-0.6	-1.0	3.8	3.2	3.0	3.0
Income	-19.4	1.1	8.2	8.0	6.6	4.6
Energy	-20.5	-31.9	20.7	9.2	3.1	2.6
Interest	4.5	-6.8	0.5	0.2	-5.8	-3.0
Other	9.9	-17.8	2.5	3.0	3.7	3.8
Total Recurring	-10.6	-7.6	6.6	4.9	3.0	2.8
ECONOMIC INDICATORS						
Wages and Salaries	2.6	1.2	3.3	3.8	4.0	3.9
Employment	-1.0	-0.9	1.6	1.9	1.8	1.4
Oil/Gas Value	-33.7	-17.9	20.0	8.3	2.3	3.1



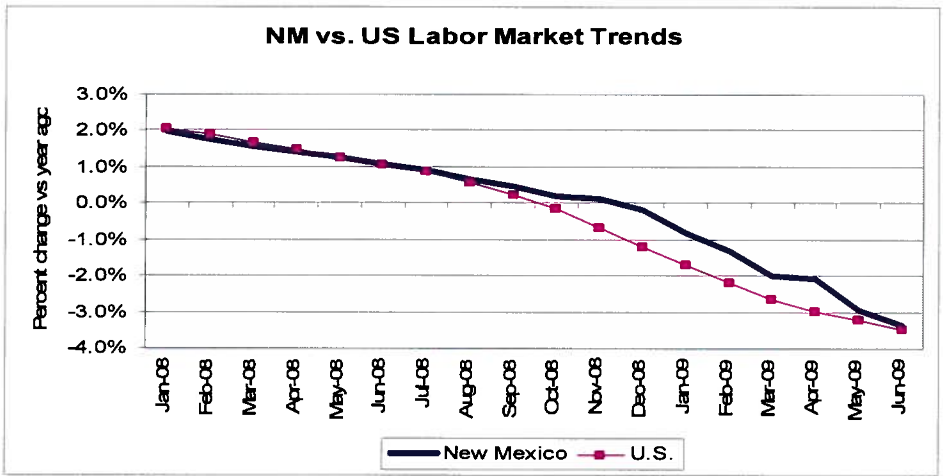
- Recent declines have lowered the state's long-term revenue growth rate to 5.6%, roughly equal to the growth rate of personal income.
- After two negative years, growth is expected to turn positive in FY11.



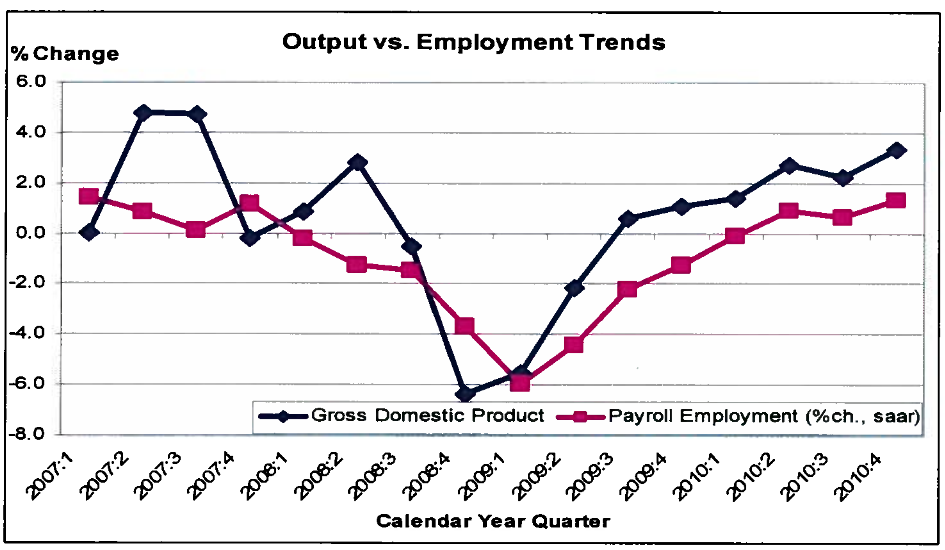
- Energy-related revenues will fall to 13% of the General Fund in FY10, their lowest level in 8 years.

Economic Environment:

- Mixed economic data in recent weeks indicate the economy is near the bottom of the downturn and that recovery is imminent. The speed of the recovery – and whether growth will be sustained or on-again off-again – remains difficult to predict.
- Financial markets have continued to rally since their recent lows in the spring of 2009; but the majority of financial indices are still well below their level of a year ago. The S&P 500 Index for example has rallied more than 45 percent since its March low, but is still trading at nearly 22 percent lower than it was a year ago.



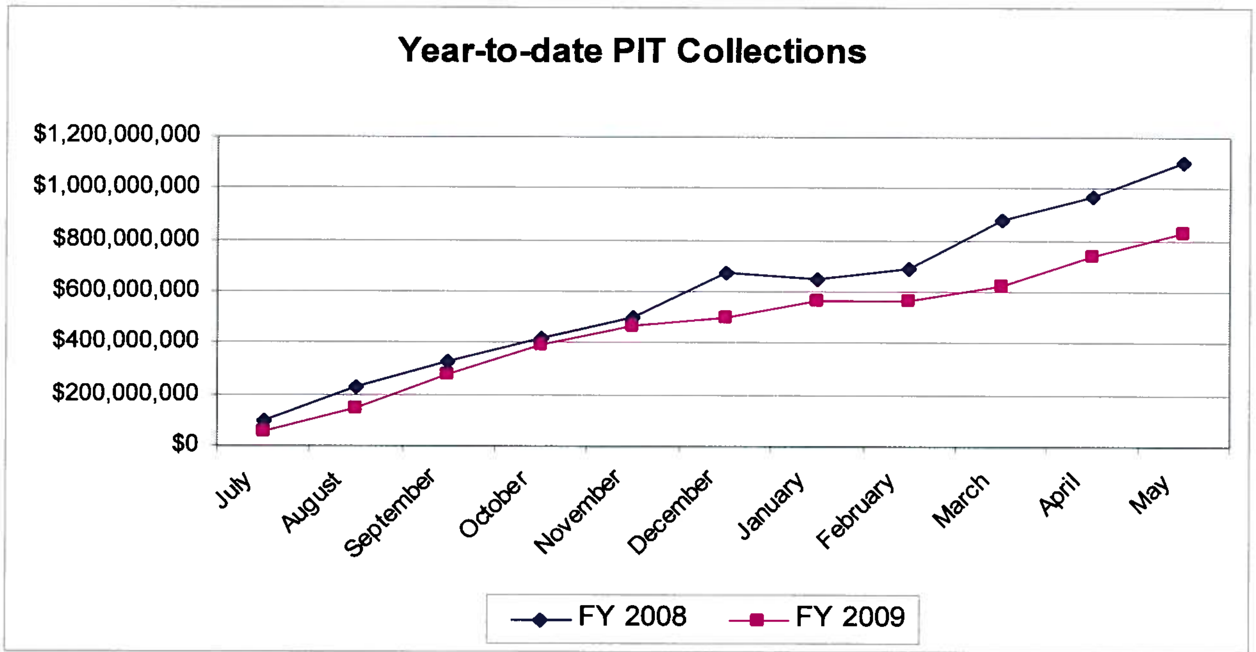
- Declining employment occurred later in New Mexico, but has since caught up with the national trend (source: Federal Reserve Bank of Philadelphia).



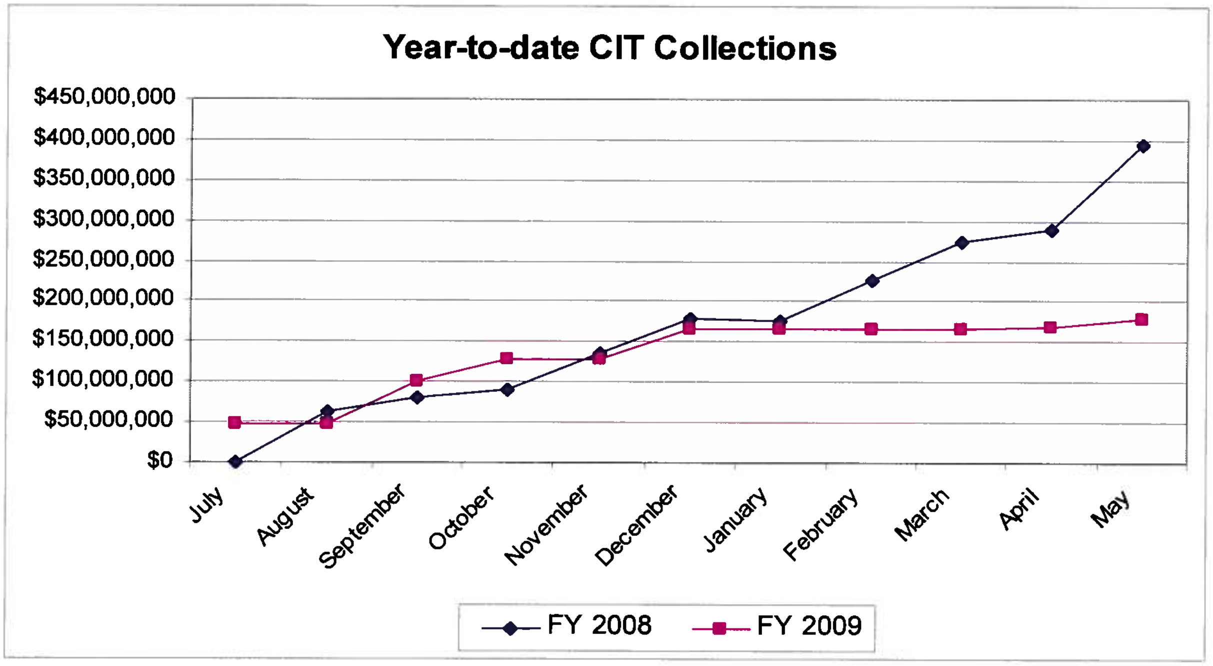
- Although output growth may resume as soon as this quarter, employment growth is not expected before late next spring (source: Global Insight).

FY09 Revenue Update:

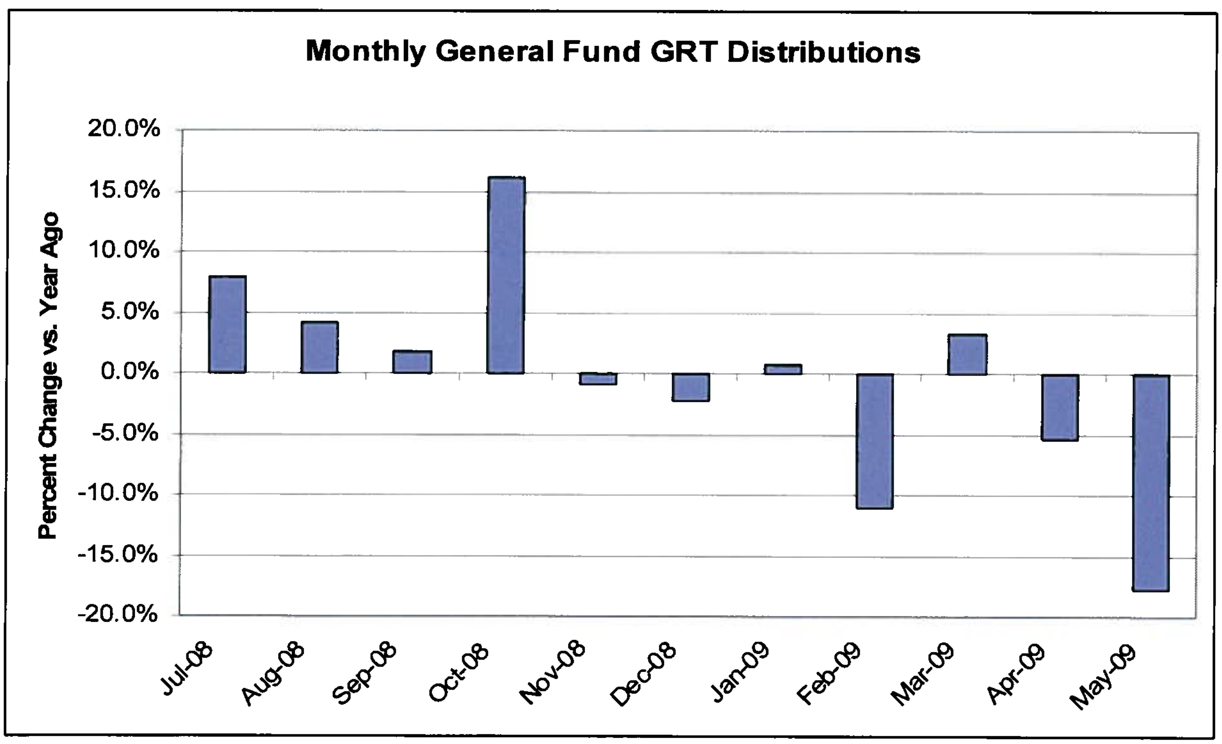
- Preliminary results indicate that FY09 recurring revenue fell from FY08 levels by 9.9 percent or $598 million.
  - Income taxes fell $353 million while energy taxes and royalties fell $253 million. Gross receipts tax fell only 1 percent but motor vehicle excise fell 21 percent.
- Reserves will end up at $459 million, 8.4 percent of FY10 recurring appropriations.
- Recurring revenue is $309 million lower than the February forecast. Most of the new weakness is in income taxes. As the following charts indicate, accrued income tax distributions started declining in December, and the decline has accelerated sharply in recent months.



- Net corporate income tax collections have been reduced by the softening economy and also by higher-than-expected film tax credits. Film credits are expected to reach $80 million for the full fiscal year.
- Revisions to the method of accruing corporate tax revenue were implemented after the February consensus forecast was prepared. Estimators believed that collections were generally consistent with the prior year's, but as illustrated in the following chart, subsequent revisions eliminated all distributions for a period of four months, leaving collections well below the year-ago levels.
- Final results for FY09 will not be available until December.



- Gross receipts tax distributions began the fiscal year well above year ago levels, but have decelerated sharply in recent months as illustrated in the following figure.



FY10 – FY14 FORECAST:

- FY10 recurring revenue will be $5.05 billion, $365.9 million less than FY09, a decline of 6.8 percent. The main contributor to the decline is oil and gas revenue, which is expected to fall by $315 million. State Treasurer's interest earnings are expected to fall by $46 million due to declining balances, shorter investment maturities and lower investment yields.
- FY11 recurring revenue will be $346 million more than FY10. Energy revenue will increase by $138 million, and broad-based revenues like personal income tax and gross receipts tax are expected to resume growth as the economy recovers.
- FY12 revenue growth will be above trend levels due to an expected increase in natural gas and crude oil prices and also an accelerating recovery in income taxes.
- After FY12, revenue growth will slow to around the 3 percent range, equivalent to about $162 million per year, as energy prices flatten out at significantly higher levels.

GENERAL FUND FINANCIAL SUMMARY (Table 2):

- Solvency bills insured that FY09 ended with positive balances in the General Fund reserve. Without the total solvency package of $536 million, the ending reserve would have fallen below zero.
- FY09 total appropriations were trimmed to $5.87 billion by the solvency package but they still exceeded the revised revenue figure by $133 million.
- FY10 currently-approved total appropriations are $5.6 billion, $542 million greater than revised revenue. General Fund reserves are insufficient to cover the currently-projected shortfall.
- FY11 revenue is below currently-approved FY10 appropriations. The "negative new money" situation is exacerbated by the need to replace federal funds of approximately $152 million.

REVENUE PROJECTION DETAILS (Table 1):

SALES TAXES:

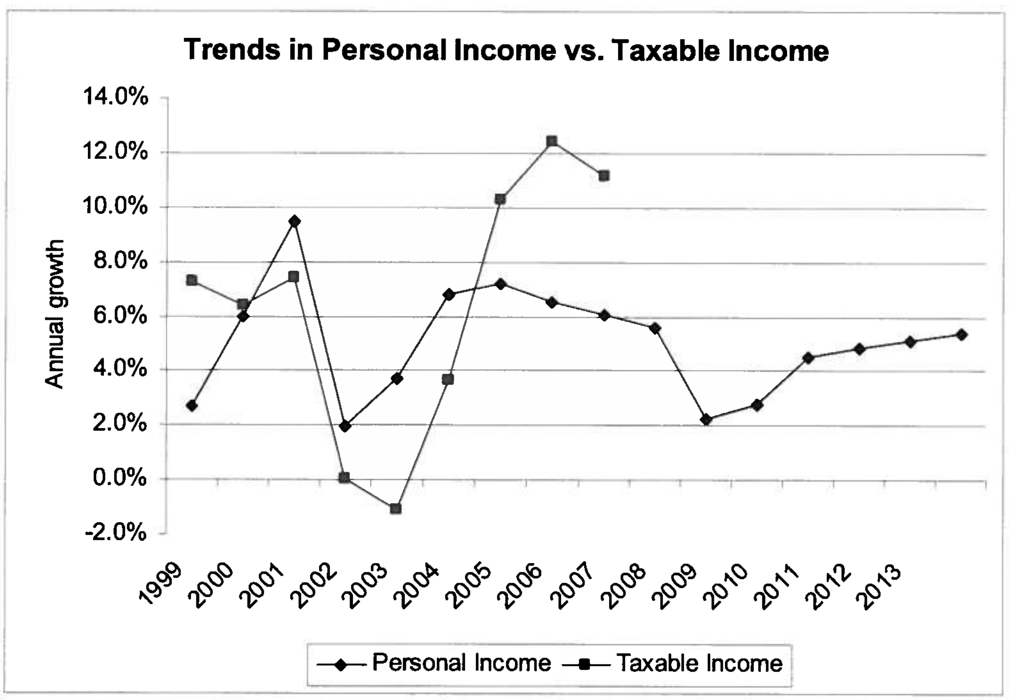
- After falling 1 percent in FY09, GRT is forecast to fall by another 1 percent in FY10. FY10 begins on a weak note as monthly collections have been off by 8 percent over the last four months. In addition, collections were particularly strong during the first part of last year, which will make the year-to-year comparisons appear even weaker. Growth is expected to resume in the second half of FY10, and to be close to the historical average rate of about 4 percent in FY11. Food and medical deductions are approaching $4 billion annually, and are now well in excess of the levels originally forecast. The result is a net decrease in General Fund GRT distributions of approximately $90 million in FY10.
- Motor vehicle excise tax fell by 21% in FY09 as consumers have cut back on big-ticket purchases. The "cash for clunkers" program is expected to contribute approximately $2 million to excise tax collections this year, but some of that revenue will represent a speed-up of collections that would have otherwise occurred in future years.

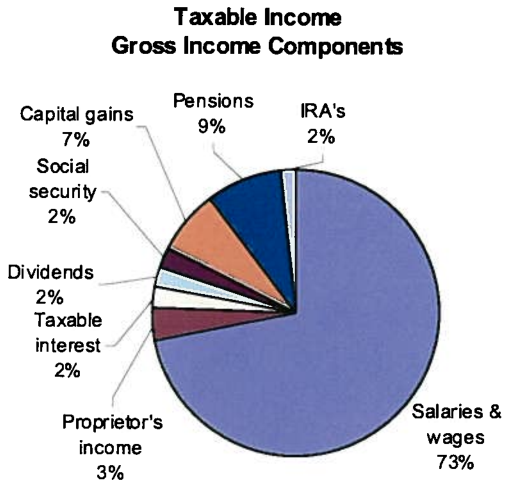
- The solvency plan included new TRD rules regarding the appropriate valuation of used vehicles. It now appears that this program will not result in any significant revenue increase, reducing expected revenue by $12 million in FY10 and after.

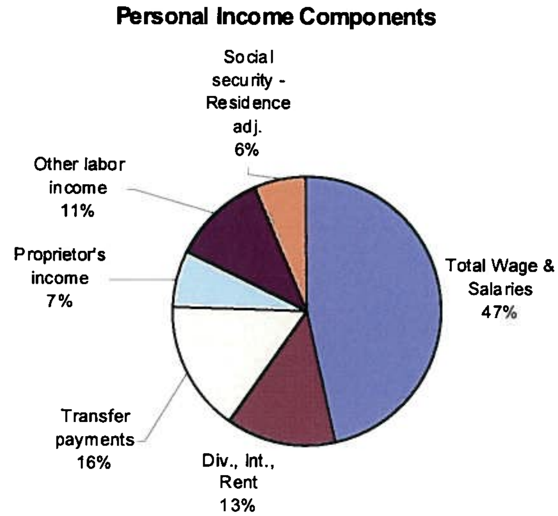
- Gaming excise collections increased by 24.7 percent in FY09 due to increased net win reported by three racinos. FY09 revenue was below forecast mainly because of an expected one time adjustment of $10.6 million did not materialize. Collections are expected to resume growth in FY10 and FY11 as the new racino in Raton begins operations.

INCOME TAXES:

- Personal income tax collections declined sharply in the second half of FY09. Weakness first occurred in December accruals as refund claims jumped at the same time that final payments fell. This pattern continued through the spring. Cash deposits with TRD fell by 31 percent in the April to June quarter compared with last year, almost exactly the same pattern as the federal government is seeing in their PIT collections. Weakness is forecast to continue in FY10, in part due to reduced oil and gas withholding payments. Growth should resume in FY11 as the economy recovers.
- The overestimate of income tax in the February forecast was due in part to a widening gap between taxable income and personal income. Capital gains realizations – which are not included in the personal income measure -- have fallen sharply. Personal income includes transfer payments, most of which are not subject to tax. Transfer payments have been rising sharply, causing personal income to increase but not increasing taxable income. The following charts indicate the differences between taxable income and personal income, both in terms of their growth rates and in the composition of each as of tax year 2006, the latest year for which data are available.



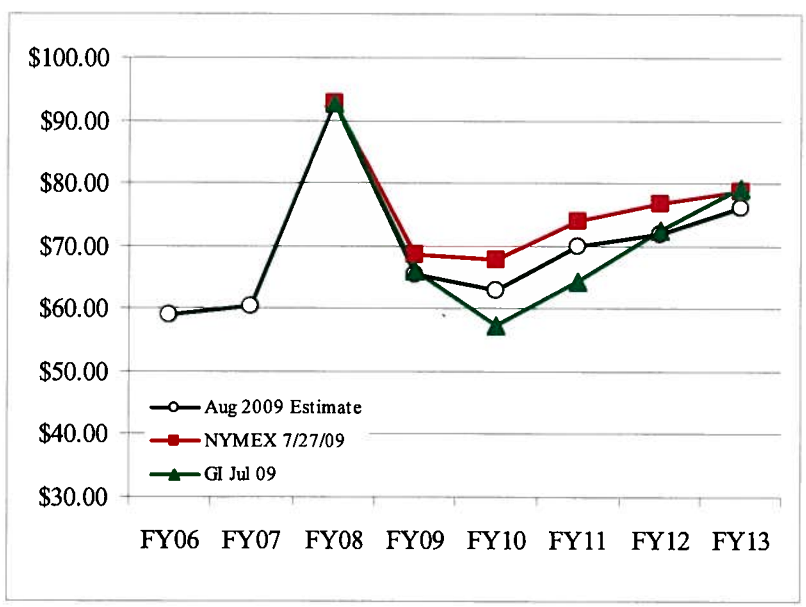




ENERGY:

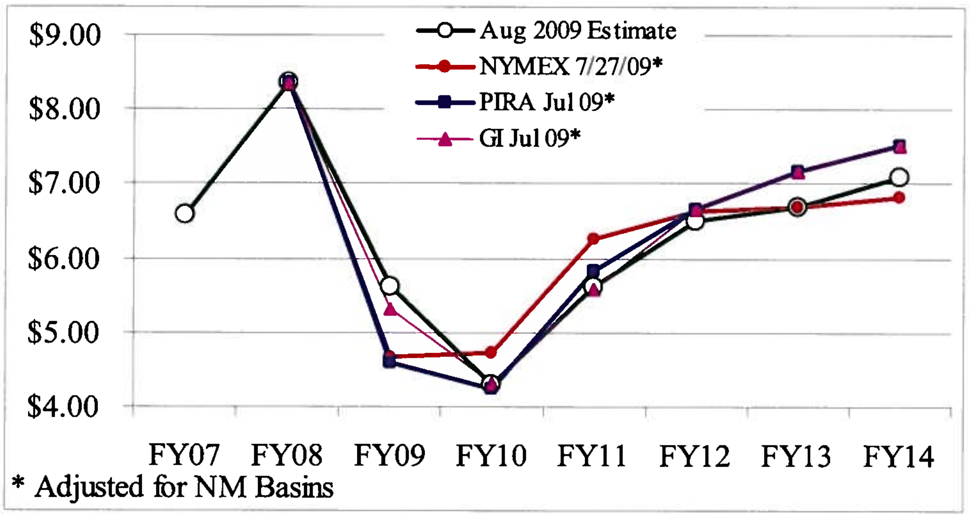
- Energy revenues in FY09 were down 20 percent from FY08, but came in $32 million higher than the February 2009 forecast. Oil prices have rebounded to around $65 after falling to the mid-$30 range in the early spring.
- The price of oil has been revised up from $47 to $63 per barrel in FY10, and from $53 to $70 in FY11.
- Higher oil prices and lower gas prices offset each other so FY10 revenue was not revised significantly, and is expected to fall by 32 percent compared with FY09. Higher oil and gas prices will cause revenue to rebound in FY11.
- Oil volumes have been revised up slightly, a reflection of upward movement in recent tax returns.

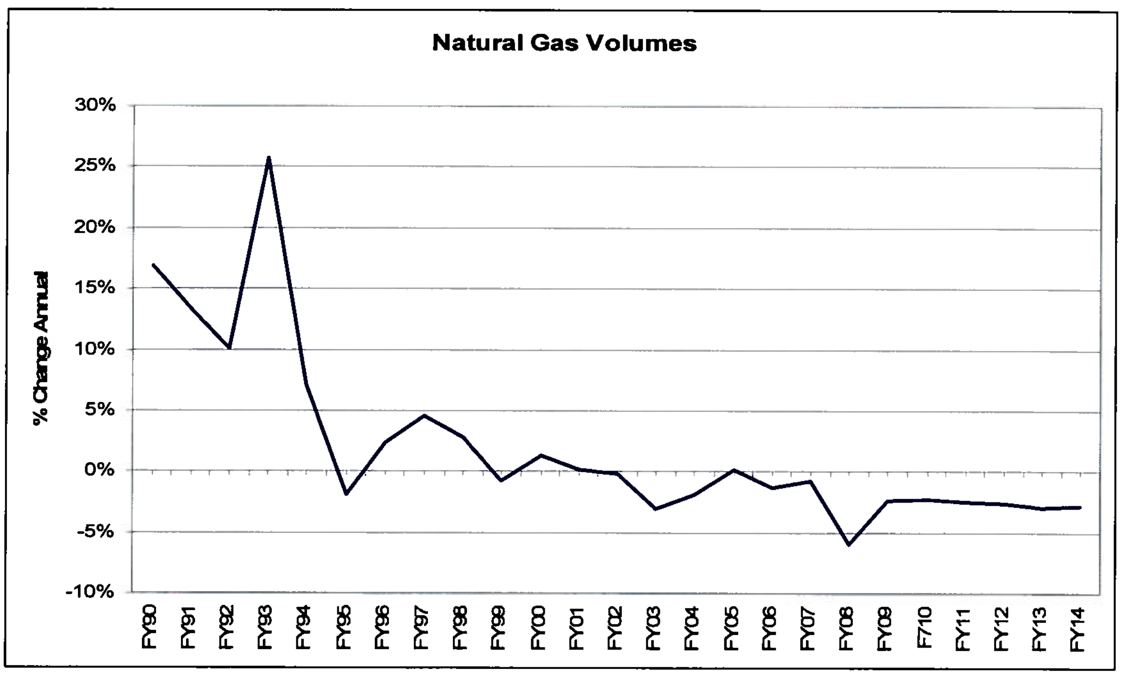
Consensus Oil Price



- After coming in exactly on estimate for FY09, the price of natural gas has been revised down from \$4.80 to \$4.30 per thousand cubic feet in FY10. Prices are expected to increase to \$5.60 in FY11, a reflection of increasing demand and slower supply growth in the aftermath of a decline of more than 50 percent in drilling activity.
- Natural gas volumes were higher than expected in the second half of FY09, and that strength has been incorporated into the forecast as a slower rate of decline in the future. Notwithstanding the revisions, gas production is forecast to decline by 13 percent over the next 5 years.

Consensus Natural Gas Price

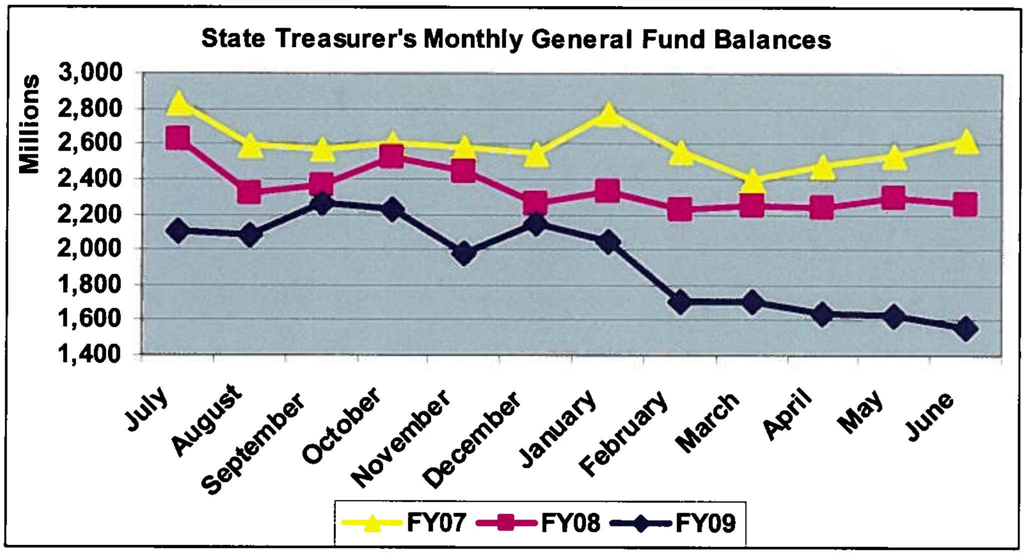




- Federal Mineral Leasing revenue came in very close to the February forecast in FY09, and only minor revisions were made to the forecast for FY10 and beyond. This revenue is received with a 3-month lag from the oil and gas volumes reported on New Mexico tax returns. In most years the lag will not make a large difference, but oil and gas prices were so high at the beginning of FY09 that FML revenue was significantly stronger than the N.M. taxes. Unfortunately this is also the reason for such a large decrease in FML revenues for FY10. The low prices at the end of FY09 will impact FML distributions in FY10 thus decreasing revenues.

Interest Earnings:

- General fund interest earnings held up well despite a challenging financial environment over the past 18 months. Permanent fund distributions are supported by the use of a five-year lagging average in their distribution calculation. Distributions from the Land Grant Permanent Fund (LGPF) will fall off significantly in FY13 because its distribution percentage is constitutionally required to decrease from 5.8 percent to 5.5 percent after FY12. This percentage is required to further decrease to 5.0 percent in FY17.



- Earnings on state balances are forecast to fall sharply to only $20 million in FY10 a drop of two-thirds from FY09. The State Treasurer's general fund portfolio balance has been falling steeply in recent months, as indicated in the above chart. By FY10 balances could be as low as one third of FY08 levels. While lower balances in themselves lower the investment base on which earnings are determined, another negative influence on earnings stems from the relatively short maturity – and consequently lower yield -- of investments the Treasurer must maintain in order to preserve adequate liquidity when balances are low. In recent testimony, Federal Reserve Chairman Ben Bernanke stated that the Federal Open Market Committee anticipates leaving short-term interest rates near or at zero percent "for an extended period." As a consequence, average yields on the Treasurer's investments will remain relatively low for some time.

OTHER REVENUES:

- Tribal casino revenue was revised downwards slightly, but added revenue at the new and expanded casinos appears to be offsetting weakness at some of the established ones.

RISKS TO THE FORECAST:

- The current outlook for natural gas prices incorporates a substantial increase in price over the next two years. These forecasts are based on a projected tightening of the balance between supply and demand over that period. Given substantial increases in domestic production in the last year, demand will have to recover strongly to create those conditions.
- Labor markets were at their weakest levels in over 50 years as this forecast was prepared. Given the uncharted territory, it is difficult to know what pattern the recovery will take. Analysts have plausible arguments for either a relatively quick recovery or for a "W" shaped recovery in which strong growth is deferred indefinitely. The state's largest revenue sources – gross receipts tax and withholding tax – are closely tied to trends in the labor market.
- Over the last year there has been a significant deterioration in the timeliness, completeness and accuracy of financial information on the state's revenue collections. Revenue estimators no longer receive detailed information on components of major state revenues. This information is essential for developing accurate forecasts. In the absence of such information, the accuracy of the forecasts cannot help but suffer.

Table 1: General Fund
Consensus Revenue Estimate
August 2009

	FY09				FY10				FY11			
	Feb. 09 Adj.	Aug. 09	Change from Prior	% Change from FY08	Feb. 09 Adj.	Aug. 09	Change from Prior	% Change from FY09	Feb. 09 Adj.	Aug. 09	Change from Prior	% Change from FY10
Gross Receipts Tax	1,900.0	1,840.0	(60.0)	-1.0%	1,923.5	1,825.4	(98.1)	-0.8%	1,989.6	1,900.1	(89.5)	4.1%
Compensating Tax	73.0	70.0	(3.0)	8.5%	70.0	65.0	(5.0)	-7.1%	67.4	62.5	(4.9)	-3.8%
TOTAL GENERAL SALES	1,973.0	1,910.0	(63.0)	-0.7%	1,993.5	1,890.4	(103.1)	-1.0%	2,057.0	1,962.6	(94.4)	3.8%
Tobacco Taxes	47.0	48.1	1.1	-0.3%	44.7	45.8	1.1	-4.9%	44.9	46.0	1.1	0.5%
Liquor Excise	25.7	26.2	0.5	4.4%	26.3	26.8	0.5	2.4%	26.8	27.3	0.5	1.6%
Insurance Taxes	122.1	124.0	1.9	12.9%	139.5	131.0	(8.5)	5.6%	146.8	137.9	(8.9)	5.3%
Fire Protection Fund Reversion	20.8	23.6	2.8	11.6%	21.3	24.5	3.2	4.0%	16.4	19.7	3.3	-19.8%
Motor Vehicle Excise	104.7	100.5	(4.2)	-21.3%	112.7	98.0	(14.7)	-2.5%	115.7	105.3	(10.4)	7.4%
Gaming Excise	83.2	70.0	(13.2)	24.7%	79.9	75.0	(4.9)	7.1%	87.4	86.0	(1.4)	14.7%
Leased Vehicle Surcharge	6.2	6.2	(0.1)	-27.8%	6.6	6.2	(0.4)	0.6%	6.5	6.2	(0.2)	0.0%
Other	3.2	1.9	(1.3)	-50.6%	3.2	2.9	(0.3)		3.2	3.0	(0.2)	0.0%
TOTAL SELECTIVE SALES	412.8	400.4	(12.4)	0.0%	434.2	410.2	(24.0)	2.4%	447.5	431.3	(16.2)	5.1%
Personal Income Tax	1,213.5	1,015.0	(198.5)	-16.4%	1,236.6	1,034.0	(202.6)	1.9%	1,266.0	1,097.9	(168.1)	6.2%
Corporate Income Tax	293.0	200.0	(93.0)	-43.6%	273.7	200.7	(73.0)	0.3%	292.4	242.5	(49.9)	20.8%
TOTAL INCOME TAXES	1,506.5	1,215.0	(291.5)	-22.5%	1,510.3	1,234.7	(275.6)	1.6%	1,558.4	1,340.4	(218.0)	8.6%
Oil and Gas School Tax	349.5	370.0	20.5	-33.7%	280.6	281.5	0.9	-23.9%	344.5	347.3	2.8	23.4%
Oil Conservation Tax	16.1	18.4	2.3	-32.0%	12.9	14.9	2.0	-19.2%	15.7	17.5	1.8	17.9%
Resources Excise Tax	11.7	11.6	(0.1)	9.4%	8.4	8.5	0.1	-26.7%	8.4	8.8	0.3	2.9%
Natural Gas Processors Tax	33.7	40.2	6.5	31.1%	32.7	41.9	9.3	4.4%	23.9	20.3	(3.6)	-51.6%
TOTAL SEVERANCE TAXES	411.0	440.2	29.2	-29.7%	334.6	346.8	12.2	-21.2%	392.6	393.9	1.3	13.6%
LICENSE FEES	50.4	53.8	3.4	6.2%	51.6	56.4	4.8	4.7%	53.2	59.1	5.9	4.8%
LGPF Interest	433.2	433.2	-	10.9%	436.2	436.5	0.3	0.8%	434.0	438.3	4.3	0.4%
STO Interest	60.0	66.4	6.4	-29.1%	53.0	20.0	(33.0)	-69.9%	67.0	27.0	(40.0)	35.0%
STPF Interest	191.3	191.3	-	8.0%	186.9	187.1	0.2	-2.2%	179.4	181.5	2.1	-3.0%
TOTAL INTEREST	684.5	690.9	6.4	4.5%	676.1	643.6	(32.5)	-6.8%	680.4	646.8	(33.6)	0.5%
Federal Mineral Leasing	506.0	507.0	1.0	-10.1%	301.5	290.0	(11.5)	-42.8%	374.3	378.0	3.7	30.3%
State Land Office	34.7	36.4	1.7	-21.0%	30.8	31.7	0.9	-12.9%	34.3	35.0	0.7	10.4%
TOTAL RENTS & ROYALTIES	540.7	543.4	2.7	-11.0%	332.3	321.7	(10.6)	-40.8%	408.7	413.0	4.3	28.4%
TRIBAL REVENUE SHARING	65.6	64.9	(0.7)	-2.5%	68.4	64.7	(3.7)	-0.3%	71.9	65.7	(6.2)	1.5%
MISCELLANEOUS RECEIPTS	43.2	48.3	5.1	-3.9%	44.3	43.6	(0.7)	-9.7%	45.3	43.8	(1.5)	0.4%
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REVERSIONS	39.3	51.0	11.7	-13.5%	40.0	40.0	-	-21.6%	41.2	41.2	-	3.0%
TOTAL RECURRING	5,727.0	5,417.9	(309.1)	-9.9%	5,485.1	5,052.0	(433.1)	-6.8%	5,756.1	5,397.8	(358.3)	6.8%
SOLVENCY:												
CIT estimate acceleration	58.0	30.0	(28.0)									
Unclaimed Property	7.1	7.9	0.8									
Ch. 3/SB 79, Section 8 TANF	22.1	16.6	(5.5)									
PED Fed impact aid credit	-	25.5	25.5									
2008 SS PIT rebate	(55.7)	(55.7)	-									
TOTAL NON-RECURRING (2)	31.5	24.3	(7.2)		-	-	-		-	-	-	
GRAND TOTAL	5,758.5	5,442.2	(316.3)	-10.2%	5,485.1	5,052.0	(433.1)	-7.2%	5,756.1	5,397.8	(358.3)	6.8%

Attachment 1

Table 1: General Fund
Consensus Revenue Estimate
August 2009

	FY12				FY13				FY14	
	Feb. 09	Aug. 09	Change from Prior	% Change from FY11	Feb. 09	Aug. 09	Change from Prior	% Change from FY12	Aug. 09	% Change from FY13
Gross Receipts Tax	2,055.0	1,960.1	(94.9)	3.2%	2,145.0	2,020.1	(124.9)	3.1%	2,080.1	3.0%
Compensating Tax	70.2	65.3	(4.9)	4.5%	73.1	68.2	(4.9)	4.4%	71.2	4.4%
TOTAL GENERAL SALES	2,125.2	2,025.4	(99.8)	3.2%	2,218.1	2,088.3	(129.8)	3.1%	2,151.3	3.0%
Tobacco Taxes	45.1	46.2	1.1	0.5%	45.4	46.5	1.1	0.6%	46.7	0.5%
Liquor Excise	27.3	27.8	0.5	1.8%	27.8	28.3	0.5	1.9%	28.8	1.9%
Insurance Taxes	154.7	145.2	(9.5)	5.3%	163.0	152.9	(10.1)	5.3%	161.0	5.3%
Fire Protection Fund Reversion	14.7	18.0	3.3	-8.4%	13.1	16.4	3.3	-9.2%	14.7	-10.1%
Motor Vehicle Excise	106.8	108.5	1.7	3.0%	110.0	111.8	1.8	3.0%	115.1	3.0%
Gaming Excise	89.4	89.0	(0.4)	3.5%	90.8	90.0	(0.8)	1.1%	92.0	2.2%
Leased Vehicle Surcharge	6.5	6.2	(0.3)	0.0%	6.5	6.2	(0.3)	0.0%	6.2	0.0%
Other	3.2	3.0	(0.2)	0.0%	3.2	3.1	(0.1)	0.0%	3.2	0.0%
TOTAL SELECTIVE SALES	447.6	443.9	(3.7)	2.9%	459.8	455.1	(4.7)	2.5%	467.7	2.8%
Personal Income Tax	1,320.0	1,153.9	(166.1)	5.1%	1,380.0	1,208.9	(171.1)	4.8%	1,258.9	4.1%
Corporate Income Tax	310.0	292.5	(17.5)	20.6%	340.0	332.5	(7.5)	13.7%	352.5	6.0%
TOTAL INCOME TAXES	1,630.0	1,446.4	(183.6)	7.9%	1,720.0	1,541.4	(178.6)	6.6%	1,611.4	4.5%
Oil and Gas School Tax	374.0	378.1	4.0	8.9%	382.0	385.9	3.9	2.1%	398.0	3.1%
Oil Conservation Tax	17.1	18.9	1.8	7.6%	17.5	19.2	1.8	2.0%	19.8	3.0%
Resources Excise Tax	8.4	9.0	0.6	2.9%	8.4	9.3	0.8	2.8%	9.5	2.7%
Natural Gas Processors Tax	24.7	24.2	(0.5)	19.3%	26.1	27.9	1.7	15.0%	27.1	-2.8%
TOTAL SEVERANCE TAXES	424.3	430.1	5.9	9.2%	434.0	442.3	8.2	2.8%	454.4	2.7%
LICENSE FEES	54.8	62.0	7.2	4.9%	57.7	65.0	7.4	5.0%	68.3	5.0%
LGPF Interest	431.2	438.8	7.6	0.1%	400.5	410.2	9.7	-6.5%	401.8	-2.0%
STO Interest	71.0	33.4	(37.6)	23.7%	75.0	33.5	(41.5)	0.3%	33.6	0.3%
STPF Interest	171.6	175.8	4.2	-3.1%	160.4	166.8	6.4	-5.1%	156.7	-6.1%
TOTAL INTEREST	673.8	648.0	(25.8)	0.2%	635.9	610.5	(25.4)	-5.8%	592.1	-3.0%
Federal Mineral Leasing	416.1	414.0	(2.1)	9.5%	428.0	429.0	1.0	3.6%	440.0	2.6%
State Land Office	36.2	36.9	0.7	5.4%	36.7	37.3	0.6	1.1%	38.1	2.1%
TOTAL RENTS & ROYALTIES	452.3	450.9	(1.4)	9.2%	464.7	466.3	1.6	3.4%	478.1	2.5%
TRIBAL REVENUE SHARING	75.5	67.7	(7.8)	3.0%	79.3	71.1	(8.2)	5.0%	74.7	5.1%
MISCELLANEOUS RECEIPTS	46.4	44.0	(2.4)	0.4%	47.6	44.2	(3.3)	0.5%	44.5	0.6%
REVERSIONS	42.4	42.4	(0.0)	2.9%	43.7	43.7	(0.0)	3.1%	45.1	3.2%
TOTAL RECURRING	5,972.3	5,660.8	(311.5)	4.9%	6,160.8	5,828.0	(332.9)	3.0%	5,987.5	2.7%
SOLVENCY:										
CIT estimate acceleration										
Unclaimed Property										
Ch. 3/SB 79, Section 8 TANF										
PED Fed impact aid credit										
2008 SS PIT rebate										
TOTAL NON-RECURRING (2)	-	-	-		-	-	-		-	
GRAND TOTAL	5,972.3	5,660.8	(311.5)	4.9%	6,160.8	5,828.0	(332.9)	3.0%	5,987.5	2.7%

Table 2
GENERAL FUND FINANCIAL SUMMARY - August 2009 Consensus Forecast
(Dollars in Millions)

	Actual FY2008	Estimated FY2009	Estimated FY2010	Estimated FY2011
APPROPRIATION ACCOUNT				
REVENUE				
Recurring Revenue				
February 2009 Revenue Estimate (1)	$ 6,015.5	$ 5,727.0	$ 5,485.1	$ 5,756.1
August 2009 Consensus Revisions		*(309.1)*	*(433.1)*	*(358.3)*
Total Recurring Revenue	$ 6,015.5	$ 5,417.9	$ 5,052.0	$ 5,397.8
Nonrecurring Revenue				
February 2009 Revenue Estimate	$ 47.2	$ (55.7)	$ -	$ -
2009 Solvency package		$ 250.8		
Fund Transfers, revenue enhancements (2)		$ 133.9		
August 2009 Consensus Revisions (3)		*(7.2)*		
Total Non-Recurring Revenue	$ 47.2	$ 321.7	$ -	$ -
TOTAL REVENUE	**$ 6,062.6**	**$ 5,739.6**	**$ 5,052.0**	**$ 5,397.8**
APPROPRIATIONS				
Recurring Appropriations				
Recurring Appropriations - General	$ 5,675.0	$ 6,050.5	$ 5,487.6	$ 5,397.8
Recurring Appropriations - 2010 Session Feed Bill	-		6.0	-
Total Recurring Appropriations	$ 5,675.0	$ 6,050.5	$ 5,493.6	$ 5,397.8
Nonrecurring Appropriations	$ 295.1	$ (181.8)	$ -	$ -
August 2009 revisions (4)		3.9	-	-
2009 Fund Transfers	-	-	100.0	-
Total Nonrecurring Appropriations	$ 295.1	$ (177.9)	$ 100.0	$ -
TOTAL APPROPRIATIONS	**$ 5,970.1**	**$ 5,872.6**	**$ 5,593.6**	**$ 5,397.8**
Transfer to/from Reserves	$ 92.6	$ -		
Annual deficit in appropriation account		$ (133.0)	$ (541.7)	$ -
Cumulative deficit in appropriation account		$ (133.0)	$ (674.6)	$ (674.6)
GENERAL FUND RESERVES				
Beginning Balances	$ 650.8	$ 735.0	$ 459.0	$ (33.5)
Transfers in from Appropriations Account	92.6	(133.0)	(541.7)	-
Revenue and Reversions	48.3	30.0	115.3	55.6
Appropriations, expenditures and transfers out	(56.7)	(173.0)	(66.1)	(15.0)
Ending Balances	**$ 735.0**	**$ 459.0**	**$ (33.5)**	**$ 7.2**
Reserves as a Percent of Following Year Recurring Appropriations	*12.1%*	*8.4%*	*-0.6%*	*0.1%*

FY2011 New Money
$ (89.9)
Replace Fed. Funds:
$ (152.0)
Total Needed for Flat Budgets:
$ (241.9)

FY2010 Nonrecurring Needed to reach 6% reserve:
$ 357.3

(1) Includes increased Fire Protection Fund reversion $1.6 million in FY09 and $3.3 million FY10. Also includes $21.2 million in FY10 and $31 million in FY11 from TRD Fair Share collections and $0.6 million of other revenue enhancements from 2009 session.
(2) Transfer from the NM Recovery and Reinvestment Fund ($123.6 million from HSD and $10.3 million from DOH).
(3) Includes reduction of $5.5 million from $22.1 million in expected reversion from TANF funds for Working Families Tax Credits. Also includes $25.5 million reversion of federal impact aid excess credits.
(4) Capital outlay cancellations of $87.7 million vs. $91.6 million estimate post-2009 session.

U.S. AND NEW MEXICO ECONOMIC INDICATORS

August 2009	FY2008	FY2009		FY2010		FY2011		FY2012		FY2013		FY2014
	Actual	Feb 09 Est.	Aug 09 Est.	Feb 09 Est.	Aug 09 Est.	Feb 09 Est.	Aug 09 Est.	Feb 09 Est.	Aug 09 Est.	Feb 09 Est.	Aug 09 Est.	Aug 09 Est.
NATIONAL ECONOMIC INDICATORS												
US Real GDP Growth (level annual avg, % yoy)*	2.4	-1.2	-1.6	-0.8	-0.8	3.2	2.5	3.5	3.6	3.1	3.4	2.7
US Inflation Rate (CPI, annual avg, % yoy)**	3.7	1.0	1.4	-0.7	0.5	2.3	2.2	2.2	2.3	2.4	2.1	2.1
Federal Funds Rate (%)	3.71	0.68	0.70	0.13	0.13	1.18	0.78	3.05	2.69	3.50	3.50	4.02
NEW MEXICO LABOR MARKET AND INCOME DATA												
NM Non-Agricultural Employment Growth (%)	1.0	-0.6	-1.0	-0.1	-0.9	1.7	1.6	1.7	1.9	1.7	1.8	1.4
NM Personal Income Growth (%)***	6.1	5.3	5.6	0.8	2.2	2.4	2.7	4.6	4.5	4.9	4.8	5.1
NM Private Wages & Salaries Growth (%)	5.7	1.8	2.6	0.7	1.2	3.4	3.3	4.1	3.8	4.3	4.0	3.9
NEW MEXICO CRUDE OIL AND NATURAL GAS OUTLOOK												
NM Oil Price ($/barrel)	$92.61	$62.00	$65.50	$47.00	$63.00	$53.00	$70.00	$58.00	$72.00	$65.00	$76.00	$80.00
NM Taxable Oil Sales (million barrels)	60.1	60.0	62.5	59.4	60.9	58.8	59.6	58.2	58.5	57.8	57.5	56.5
NM Gas Price ($ per thousand cubic feet)	$8.28	$5.60	$5.60	$4.80	$4.30	$6.20	$5.60	$6.90	$6.50	$7.00	$6.70	$7.10
NM Taxable Gas Sales (billion cubic feet)	1,433	1,350	1,395	1,300	1,358	1,280	1,324	1,250	1,289	1,220	1,251	1,216

* real GDP base is BEA chained 2000 dollars, billions, annual rate.

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

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

Sources: August 2009 economic indicators based on July (2) IHS Global Insight (GI, national), BEA,BLS (state, July), energy forecast on July PIRA, NYMEX, Global Insight and DOE/EIA.

February 2009 economic indicators based on Feb. (10) Global Insight (GI, national), Jan. FOR-UNM (state, 12/31/08 GI), energy forecast on Jan. PIRA, NYMEX, Global Insight and DOE/EIA.

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