

REVENUE

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ISSUES FOR HEARING Updated Consensus Revenue Estimates

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SUMMARY:

- FY11 recurring revenue is up by \$56 million from the October forecast and is now up by \$16 million compared with the July estimate but down by \$143 million compared with the post-session forecast.
- After \$151 million of allotment reductions already implemented, FY11 revenue is \$37.4 million less than appropriations. After closing FY10, an additional \$74.5 million of reserve transfers was authorized to cover the FY11 shortfall.
- If no further adjustment is made to FY11 appropriations, the FY11 ending balance in General Fund reserves would be \$235 million, 4.5 percent of recurring appropriations.
- FY12 revenue was revised up by \$41.7 million. The shortfall between FY12 revenue and the cost of current services is \$214.9 million, assuming a continuation of current cost-saving measures.
- Recurring revenue growth is forecast at 7.6 percent in FY11 and 4.4 percent in FY12. Roughly half of the FY11 increase is due to revenue enhancement legislation passed in the 2010 sessions. Absent this legislation, FY11 growth is forecast at 3.8 percent. Details of this calculation are provided in Table 2.

Table 1
December 2010 Consensus General Fund Recurring Revenue Outlook
 (Dollar amounts in millions)

	<u>FY10</u>	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>
Post-session estimate	\$4,831	\$5,307	\$5,591	\$5,790	\$5,988	\$6,228
July 2010 revisions	-\$32	-\$159	-\$161	-\$95	-\$64	-\$38
October 2010 revisions	-\$5	-\$40	-\$81	-\$102	-\$109	-\$154
December 2010 revisions	\$4	\$56	\$42	\$21	\$12	\$20
December 2010 consensus	\$4,799	\$5,164	\$5,390	\$5,615	\$5,827	\$6,057
Annual amount change	-\$520	\$366	\$226	\$225	\$212	\$230
Annual percent change	-9.8%	7.6%	4.4%	4.2%	3.8%	3.9%

Table 2
December Estimate: FY11 Revenue Growth with and without Impacts of 2010 Legislative Changes

	FY10	FY11	FY11 Change vs FY10	Change Due to New Legislation	Change Excluding 2010 Legislative Changes	
Gross Receipts Tax	\$1,634.4	\$1,740.0	\$105.6	\$53.2	\$52.4	3.2%
Compensating Tax	\$50.9	\$64.5	\$13.6	\$13.6	\$0.0	0.1%
Cigarette/Tobacco Tax	\$45.7	\$81.0	\$35.3	\$35.9	(\$0.6)	-1.3%
Personal Income Tax	\$956.6	\$1,055.0	\$98.4	\$65.9	\$32.5	3.4%
Corporate Income Tax	\$125.1	\$220.0	\$94.9	\$15.6	\$79.3	63.4%
Mineral Taxes	\$390.7	\$373.1	(\$17.6)	(\$0.1)	(\$17.5)	-4.5%
Investment Income	\$646.3	\$646.0	(\$0.3)	\$0.0	(\$0.3)	0.0%
Mineral Royalties & Bonuses	\$423.0	\$427.0	\$4.0	\$0.0	\$4.0	0.9%
Other	\$526.0	\$557.7	\$31.7	\$0.0	\$31.7	6.0%
Total Recurring	\$4,798.7	\$5,164.3	\$365.6	\$184.1	\$181.5	3.8%

FORECAST REVISIONS:

Details of the consensus forecast are contained in Attachment 1. A summary is presented in Tables 3 and 4.

- Gross receipts tax (“GRT”) was revised upward in response to a slightly higher forecast of wages and salaries and also due to a robust increase in first quarter payments. General fund distributions were up \$49 million, or 12 percent, in the first quarter of FY11 compared with the same period last year. Approximately \$14 million of this amount is due to the 1/8 percent tax rate increase. Of the remainder, about \$20 million is attributable to 5 percent growth in the tax base. The rest is due to a variety of factors that influence the share of GRT going to the general fund including the size of hold harmless distributions, municipal revenue sharing, and several other factors.
- Personal income tax was revised down based on disappointing payments in the first quarter of the fiscal year. First quarter distributions to the general fund were down \$20 million or 7 percent compared with the same period last year. Some of the decrease appears to be non-recurring adjustments to year-end accruals.
- Energy-related revenues were increased due to correction of the model for federal lease revenues. The correction was in the modeling of oil and gas bonus payments and also royalty revenue from minerals other than oil and gas. The previous model generated an estimate of these revenues that was only half the amount actually received in recent years. The new model assumes these revenues will remain at the average level received in FY09 and FY10, about \$40 million per year.
- Forecast growth rates are similar to the October estimates. GRT growth is about 1.3 percent higher in FY11.

Table 3
December 2010 Forecast Revisions by Revenue
(million dollars)

	<u>FY10</u>	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>
Gross receipts tax	8.9	30.0	31.6	16.6	15.0	32.2
Selective sales taxes	0.8	(0.1)	(0.6)	(0.6)	-	0.6
Personal income tax	(19.3)	(12.0)	(13.0)	(14.0)	(12.0)	(14.0)
Corporate income tax	-	-	-	-	-	-
Energy-related revenues	10.4	34.1	27.3	16.1	5.9	(9.1)
Investment earnings	-	(2.8)	(1.3)	6.7	7.0	14.7
Other revenues	3.6	6.6	(2.4)	(3.7)	(4.3)	(4.0)
Total Recurring Revenue	4.4	55.8	41.6	21.1	11.6	20.4

Table 4
December 2010 Annual Growth Rates by Revenue
(million dollars)

	<u>FY10</u>	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>
Gross receipts tax	-10.8%	6.5%	4.0%	5.0%	5.0%	5.0%
Selective sales taxes	-7.9%	16.4%	2.8%	3.1%	2.0%	2.3%
Personal income tax	-0.2%	10.3%	3.8%	3.7%	4.0%	3.8%
Corporate income tax	-23.0%	75.9%	18.2%	15.4%	13.3%	2.9%
Energy-related revenues	-17.3%	-1.7%	6.6%	4.5%	0.9%	0.2%
Investment earnings	-6.7%	0.0%	1.0%	-1.4%	0.6%	7.9%
Other revenues	16.0%	7.8%	1.3%	4.6%	3.9%	3.7%
Total Recurring Revenue	-9.8%	7.6%	4.4%	4.2%	3.8%	3.9%

GENERAL FUND FINANCIAL SUMMARY (Attachment 2):

- After allotment reductions already implemented, FY11 appropriations exceed revised revenue by \$37.4 million.
- Section 14 of the 2010 General Appropriations Act authorizes the Governor to increase agency allotments if the consensus revenue forecast projects revenues to increase above the previous forecast.
- Table 4 illustrates that under the December forecast, total revenue plus authorized transfers exceeds total appropriations – after sanding already implemented – by \$37 million. Section 14 authorizes the Governor to increase allotments by this amount.
- The General Fund Financial summary presented in Attachment 2 does not assume an increase in allotments. Under that scenario, reserves reach a total of \$235 million, or 4.5 percent, at the end of FY11.
- If allotments are increased by \$37 million, reserves would decrease to \$198 million or 3.8 percent at the end of FY11.
- Inasmuch as many agencies have effectively adjusted to the reduced FY11 allotments, and as the state faces a formidable challenge in FY12, it may be desirable for legislators to revise the 2010 appropriation language to avoid any further increases in allotments.

Table 5
Allotment Changes Authorized by GAA Section 14
(Dollars in Millions)

Description:	FY10	FY11
Authorized Reserve Transfers (FY10 & FY11)	\$247.0	
Total Revenue -- December forecast update	\$5,278.6	\$5,166.4
Total Appropriations -- After July sanding	\$5,451.2	\$5,203.9
Annual shortfall	(\$172.5)	(\$37.4)
Remaining transfer authority	\$74.5	\$37.0
Increased allotments authorized -- December forecast		\$37.0

FY12 CURRENT SERVICES DEFICIT:

Table 6 presents a comparison of two possible budget scenarios for FY12. One scenario is an update of figures previously estimated by DFA and the other is the updated LFC staff scenario. Both scenarios begin with the consensus revenue forecast of \$5,389.8 million. With the revised revenue figures, the estimated deficit ranges from \$214.9 million to \$410.2 million. The principal differences between the scenarios are:

- DFA assumes growth of Medicaid spending to accommodate enrollment growth and medical inflation,
- LFC assumes use of tobacco settlement revenue for Medicaid,
- LFC assumes a higher amount for TANF child care replacement,
- DFA assumes replacement of temporary federal funds for higher education,
- LFC assumes continuation of increased employee contributions for ERB, RHCA and PERA as contained in the FY11 budget,
- DFA assumes increased outlays for judicial budgets.

Table 6
FY12 Budget Outlook
(\$ millions)

Item:	Difference:		
	DFA	LFC	LFC - DFA
Recurring revenue	\$5,389.8	\$5,389.8	\$0.0
Appropriations:			
FY11 general fund	\$5,203.0	\$5,203.0	\$0.0
Medicaid	\$377.0	\$279.8	(\$97.2)
Replace tobacco revenue for Medicaid	\$19.6	\$0.0	(\$19.6)
Child care/Replace TANF	\$14.0	\$33.0	\$19.0
Higher education	\$10.9	\$0.0	(\$10.9)
Public education	\$88.9	\$88.9	\$0.0
ERB contribution	\$18.7	\$0.0	(\$18.7)
Retirement shift	\$33.3	\$0.0	(\$33.3)
Judiciary requests	\$9.8	\$0.0	(\$9.8)
Rest of state government	\$24.8	\$0.0	(\$24.8)
Total	\$5,800.0	\$5,604.7	(\$195.3)
Net surplus(deficit)	(\$410.2)	(\$214.9)	\$195.3

GENERAL FUND APPROPRIATIONS WITH SUPPLANTING FUNDS:

Figure 1 and Table 7 illustrate recent trends in General Fund appropriations, highlighting the role played by temporary funding sources. While general fund recurring revenue fell by over 20 percent from FY08 to FY10, total spending actually increased between FY08 and FY10 post-solvency. From a peak of over \$6 billion in FY09, total spending fell by 3.4 percent in FY10 and by a cumulative total of 7.2 percent in FY10 and FY11 after allotment reductions. If general fund spending is raised to the level of projected FY12 revenue, total spending would be 10.6 percent below the FY09 peak.

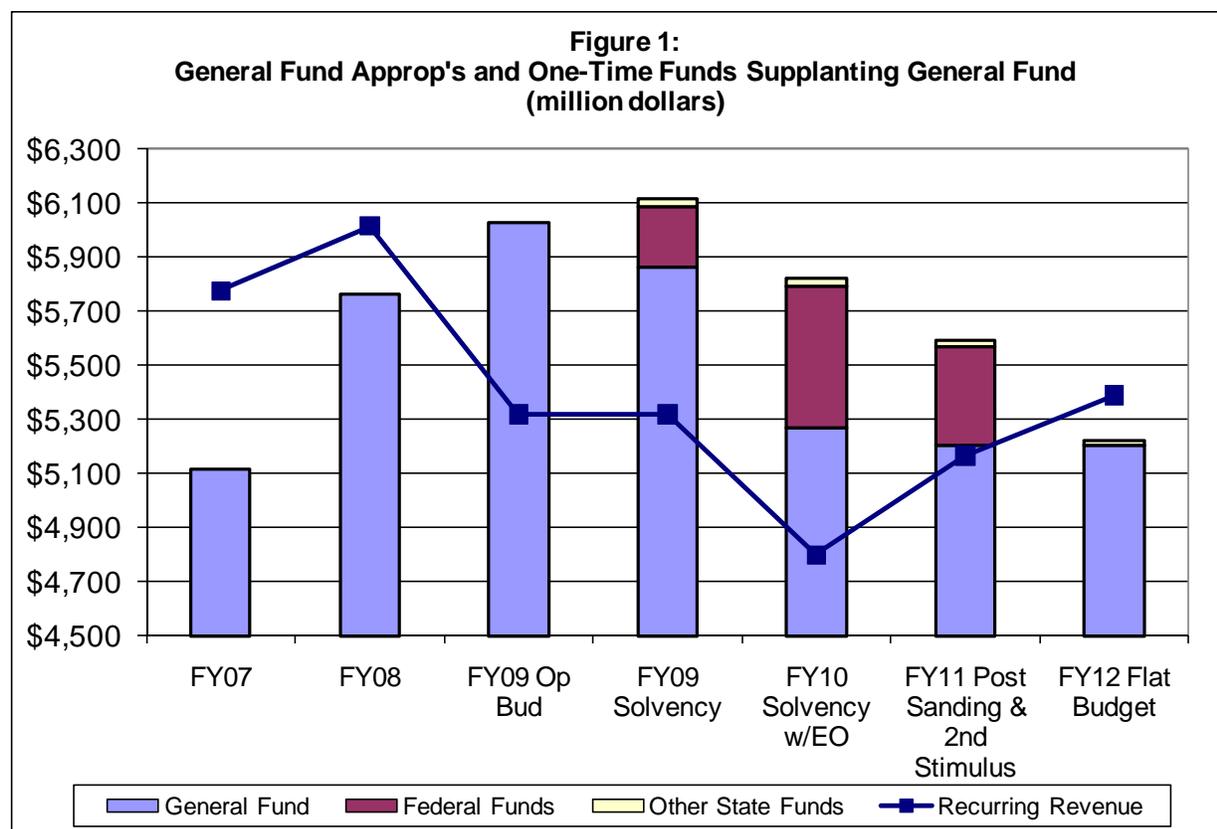


Table 7 illustrates the change in total appropriations by major budget category. Total spending is down 8.5 percent from FY09 to FY11. Medicaid spending is down 0.6 percent while spending on Other agencies is down over 15 percent.

**Table 7
Total Appropriations Including Temporary Funds
(Dollar amounts in millions)**

FY11 Post-Sanding and 2nd Stimulus				
Category:	Change From FY10 Post-Solvency		Change From FY09 Post-Solvency	
	\$ Change	% Change	\$ Change	% Change
Public Schools	\$ (57.9)	-2.3%	\$ (160.3)	-6.2%
Higher Education	\$ (66.0)	-8.0%	\$ (100.4)	-11.6%
Medicaid*	\$ (4.6)	-0.5%	\$ (5.8)	-0.6%
Other	\$ (103.7)	-6.7%	\$ (256.1)	-15.1%
Total	\$ (232.2)	-4.0%	\$ (522.7)	-8.5%

ECONOMIC OUTLOOK (Attachment 3):

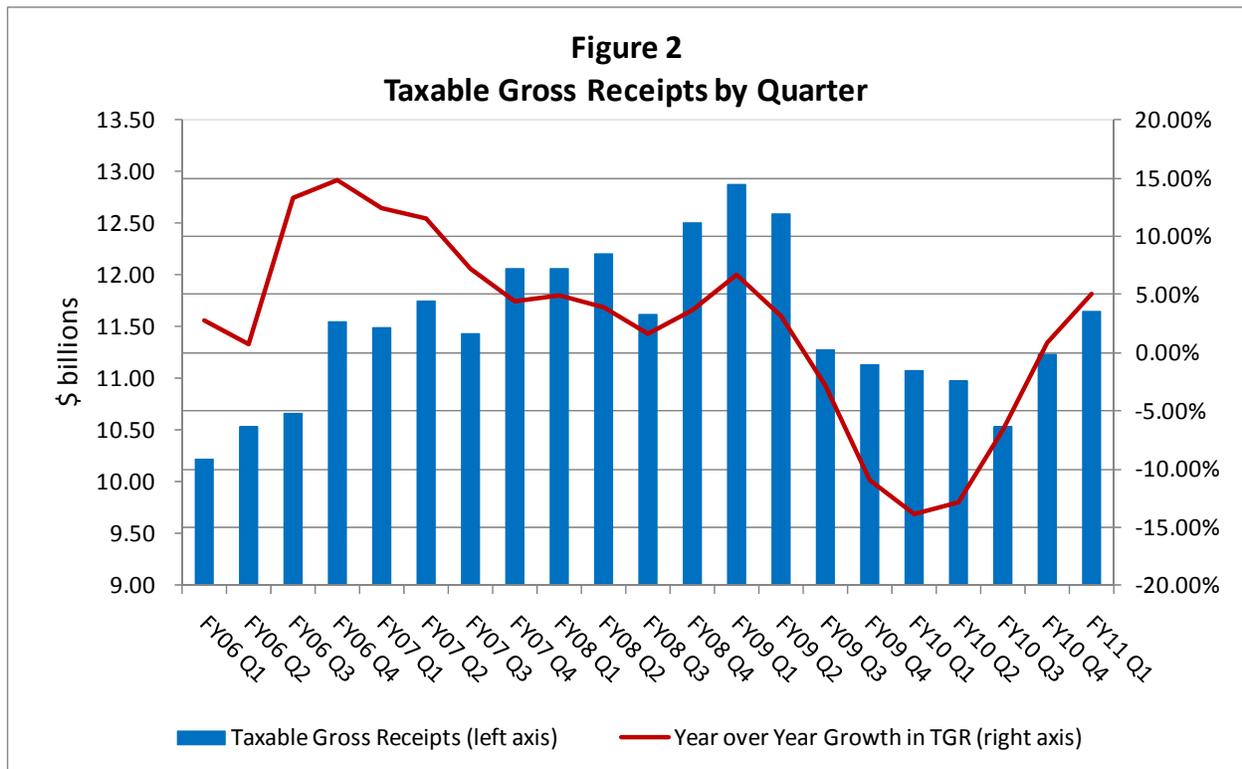
The latest update to New Mexico’s employment data – covering the quarter ending June 30, 2010 – indicated that total employment was higher than expected by 3,800 jobs or about 0.5 percent. Sectors with higher employment included mining, retail trade and services, while those with falling employment were health care and leisure businesses. Looking forward, the FOR-UNM forecasting service anticipates job growth of only 0.2 percent in FY11 and 1.0 percent in FY12. Private wages and salaries are expected to grow by 2.2 percent this year and 3.6 percent next year. Inflation in the U.S. is expected to remain subdued, averaging less than 2 percent over the next two years. New Mexico will not regain the previous peak level of employment until 2014, approximately seven years after first reaching that level.

ENERGY MARKETS (Attachment 4):

Spot prices for natural gas have been generally consistent with the October forecast update, averaging below \$4.00 per thousand cubic feet for New Mexico producers. Natural gas liquids are adding about \$1.08 per thousand cubic feet to the average value of total gas production. Natural gas volumes – expressed in thousands of cubic feet equivalent – fell by 7.5 percent in FY10 and are projected to fall by 4.2 percent in FY11. Although dry gas volumes are falling, higher prices and rising production of natural gas liquids help to offset the declining value of dry gas. Oil prices are expected to remain around \$75 to \$80 per barrel in the near term. Longer term increases have been reduced slightly from the October forecast.

GROSS RECEIPTS TAX TRENDS (Attachment 5):

Taxable gross receipts (TGR), the tax base for the GRT, has begun increasing in the last few months. The year-over-year growth rate returning to positive territory in the first quarter of FY11 for the first time in 2 years. The level of TGR is still about 10 percent below its peak level in the fall of 2009.



Attachment 5 presents a breakdown by major industry group of the change in TGR for the first quarter of FY11 compared with the same period from last year. Total TGR was up by 5 percent. Most industries had positive growth, with the largest increases in mining, information services and management services. Construction, finance and retail trade were still declining.

RISKS TO THE FORECAST:

- The U.S. economic recovery remains vulnerable to weakness in the housing market, currency volatility, financial sector weakness and federal fiscal imbalance. Although consumer spending has increased slightly in recent months, high debt loads and high credit costs will likely limit the momentum consumers are able to create for the near future.
- Natural gas prices remain vulnerable to increased supplies from productivity improvements.
- Financial weakness in several European countries remains a serious threat to international financial markets, and a repeat of the Greek crisis of last spring could cause another setback for the economic recovery.
- Unresolved federal tax law changes pose a risk to the state's revenue base. The consensus group has assumed extension of most expiring provisions in this outlook. If the tax provisions are not extended, it could have a small positive impact on the state's tax base, but could also have negative impacts on the economic recovery and thereby reduce revenues.

General Fund
Consensus Revenue Estimate
December 2010

ATTACHMENT 1

FY10

FY11

FY12

	Oct. Prelim. Actual DFA	Dec. Prelim. Actual DFA	Change from Prior	% Change from FY09	Oct. 10 Est.	Dec. 10 Est.	Change from Prior	% Change from FY10	Oct. 10 Est.	Dec. 10 Est.	Change from Prior	% Change from FY11
Gross Receipts Tax	1,625.5	1,634.4	8.9	-10.8%	1,710.0	1,740.0	30.0	6.5%	1,778.4	1,810.0	31.6	4.0%
Compensating Tax	50.9	50.9	-	-27.2%	63.9	64.5	0.6	26.7%	67.7	67.7	-	5.0%
TOTAL GENERAL SALES	1,676.4	1,685.3	8.9	-11.4%	1,773.9	1,804.5	30.6	7.1%	1,846.1	1,877.7	31.6	4.1%
Tobacco Taxes	45.7	45.7	-	-7.8%	79.2	81.0	1.8	77.2%	77.5	78.6	1.1	-3.0%
Liquor Excise	25.6	25.6	-	-0.9%	26.3	25.5	(0.8)	-0.4%	26.5	26.0	(0.5)	2.0%
Insurance Taxes	129.6	130.3	0.7	6.9%	137.3	137.3	-	5.4%	142.2	142.2	-	3.6%
Fire Protection Fund Reversion	5.0	5.0	-	-83.8%	18.3	18.3	-	266.0%	17.4	17.4	-	-4.9%
Motor Vehicle Excise	92.2	92.3	0.1	-8.2%	99.4	98.3	(1.1)	6.5%	108.6	107.4	(1.2)	9.3%
Gaming Excise	65.1	65.1	-	-5.9%	64.9	64.9	-	-0.3%	66.0	66.0	-	1.7%
Leased Vehicle Surcharge	5.7	5.7	-	16.3%	5.8	5.8	-	1.8%	5.6	5.6	-	-3.4%
Other	3.2	3.2	-	38.9%	3.0	3.0	-	-6.0%	3.0	3.0	-	0.0%
TOTAL SELECTIVE SALES	372.1	372.9	0.8	-7.9%	434.2	434.1	(0.1)	16.4%	446.8	446.2	(0.6)	2.8%
Personal Income Tax	975.9	956.6	(19.3)	-0.2%	1,067.0	1,055.0	(12.0)	10.3%	1,108.0	1,095.0	(13.0)	3.8%
Corporate Income Tax	125.1	125.1	-	-23.0%	220.0	220.0	-	75.9%	260.0	260.0	-	18.2%
TOTAL INCOME TAXES	1,101.0	1,081.7	(19.3)	-3.5%	1,287.0	1,275.0	(12.0)	17.9%	1,368.0	1,355.0	(13.0)	6.3%
Oil and Gas School Tax	314.6	324.5	9.9	-12.4%	325.3	328.5	3.2	1.2%	359.8	360.7	0.9	9.8%
Oil Conservation Tax	15.9	16.4	0.5	-10.2%	16.8	16.7	(0.1)	1.6%	18.5	18.2	(0.4)	8.9%
Resources Excise Tax	9.4	9.4	-	-16.3%	10.0	10.0	-	6.4%	10.0	10.0	-	0.0%
Natural Gas Processors Tax	40.4	40.4	-	0.1%	17.9	17.9	-	-55.7%	22.4	22.4	-	25.1%
TOTAL SEVERANCE TAXES	380.3	390.7	10.4	-11.2%	370.0	373.1	3.1	-4.5%	410.7	411.2	0.5	10.2%
LICENSE FEES	50.3	50.3	-	0.4%	52.0	52.0	-	3.4%	53.9	53.9	-	3.7%
LGPf Interest	437.1	437.1	-	0.8%	445.2	445.2	-	1.9%	451.6	451.6	-	1.4%
STO Interest	22.1	22.1	-	-67.4%	19.0	16.2	(2.8)	-26.7%	21.5	20.2	(1.3)	24.7%
STPF Interest	187.1	187.1	-	-2.2%	184.6	184.6	-	-1.3%	180.9	180.9	-	-2.0%
TOTAL INTEREST	646.3	646.3	-	-6.7%	648.8	646.0	(2.8)	0.0%	654.0	652.7	(1.3)	1.0%
Federal Mineral Leasing	355.3	355.3	-	-30.0%	347.3	368.2	20.9	3.6%	371.2	398.0	26.8	8.1%
State Land Office	67.7	67.7	-	85.8%	48.7	58.8	10.1	-13.1%	43.9	43.9	-	-25.3%
TOTAL RENTS & ROYALTIES	423.0	423.0	-	-22.2%	396.0	427.0	31.0	0.9%	415.1	441.9	26.8	3.5%
TRIBAL REVENUE SHARING	64.1	64.1	-	-2.0%	65.4	65.4	-	2.0%	67.2	67.2	-	2.8%
MISCELLANEOUS RECEIPTS	44.9	44.4	(0.5)	4.0%	47.2	47.2	-	6.3%	43.9	43.9	-	-7.0%
REVERSIONS	35.9	40.0	4.1	-30.0%	34.0	40.0	6.0	0.0%	42.4	40.0	(2.4)	0.0%
TOTAL RECURRING	4,794.3	4,798.7	4.4	-9.8%	5,108.5	5,164.3	55.8	7.6%	5,348.1	5,389.7	41.6	4.4%
TOTAL NON-RECURRING	486.0	478.9	(7.1)	1496.3%	2.1	2.1	-	-99.6%	6.9	6.9	-	228.6%
GRAND TOTAL	5,280.3	5,277.6	(2.7)	-1.3%	5,110.6	5,166.4	55.8	-2.1%	5,355.0	5,396.6	41.6	4.5%

ATTACHMENT 1

General Fund Consensus Revenue Estimate December 2010

	FY13			FY14			FY15		
	Oct. 10	Dec. 10	% Change	Oct. 10	Dec. 10	% Change	Oct. 10	Dec. 10	% Change
	Est.	Est.	from from FY12	Est.	Est.	from from FY13	Est.	Est.	from from FY14
Gross Receipts Tax	1,883.4	1,900.0	16.6	1,980.0	1,995.00	15.0	2,062.8	2,095.0	32.2
Compensating Tax	71.2	71.2	-	73.8	74.6	0.8	76.6	79.1	2.5
TOTAL GENERAL SALES	1,954.6	1,971.2	16.6	2,053.8	2,069.6	15.8	2,139.4	2,174.1	34.7
Tobacco Taxes	76.6	77.8	1.2	75.6	76.8	1.2	74.6	75.9	1.3
Liquor Excise	26.8	26.4	(0.4)	26.9	26.9	-	27.0	27.2	0.2
Insurance Taxes	147.3	147.3	-	152.6	152.6	-	158.1	158.1	-
Fire Protection Fund Reversion	16.3	16.3	-	15.2	15.2	-	14.1	14.1	-
Motor Vehicle Excise	117.4	116.0	(1.4)	121.6	120.4	(1.2)	127.0	126.1	(0.9)
Gaming Excise	67.2	67.2	-	68.4	68.4	-	69.6	69.6	-
Leased Vehicle Surcharge	5.7	5.7	-	5.6	5.6	-	5.5	5.5	-
Other	3.2	3.2	-	3.3	3.3	-	3.4	3.4	-
TOTAL SELECTIVE SALES	460.5	459.9	(0.6)	469.2	469.2	-	479.3	479.9	0.6
Personal Income Tax	1,149.0	1,135.0	(14.0)	1,192.0	1,180.0	(12.0)	1,239.0	1,225.0	(14.0)
Corporate Income Tax	300.0	300.0	-	340.0	340.0	-	350.0	350.0	-
TOTAL INCOME TAXES	1,449.0	1,435.0	(14.0)	1,532.0	1,520.0	(12.0)	1,589.0	1,575.0	(14.0)
Oil and Gas School Tax	380.3	380.8	0.5	389.7	384.1	(5.6)	398.5	385.3	(13.2)
Oil Conservation Tax	19.4	19.1	(0.3)	19.9	19.2	(0.7)	20.4	19.3	(1.1)
Resources Excise Tax	10.0	10.0	-	10.0	10.0	-	10.0	10.0	-
Natural Gas Processors Tax	21.0	21.0	-	20.3	20.3	-	24.6	24.6	-
TOTAL SEVERANCE TAXES	430.7	430.8	0.1	439.9	433.7	(6.2)	453.5	439.3	(14.2)
LICENSE FEES	57.3	57.3	-	59.9	59.9	-	61.9	61.9	-
LPGF Interest	429.8	429.8	-	429.3	429.3	-	460.3	460.3	-
STO Interest	33.1	39.8	6.7	45.0	52.0	7.0	50.0	64.7	14.7
STPF Interest	174.0	174.0	-	166.1	166.1	-	173.6	173.6	-
TOTAL INTEREST	636.9	643.6	6.7	640.4	647.4	7.0	683.9	698.6	14.7
Federal Mineral Leasing	401.8	417.8	16.0	408.5	420.6	12.1	412.6	417.7	5.1
Slate Land Office	42.8	42.8	-	45.2	45.2	-	44.0	44.0	-
TOTAL RENTS & ROYALTIES	444.6	460.6	16.0	453.7	465.8	12.1	456.6	461.7	5.1
TRIBAL REVENUE SHARING	70.1	70.1	-	73.0	73.0	-	75.7	75.7	-
MISCELLANEOUS RECEIPTS	46.7	46.7	-	48.8	48.8	-	50.5	50.5	-
REVERSIONS	43.7	40.0	(3.7)	45.1	40.0	(5.1)	46.5	40.0	(6.5)
TOTAL RECURRING	5,594.1	5,615.2	21.1	5,815.8	5,827.4	11.6	6,036.3	6,056.7	20.4
TOTAL NON-RECURRING	(3.3)	(3.3)	-	(0.9)	(0.9)	-	-	-	-100.0%
GRAND TOTAL	5,590.8	5,611.9	21.1	5,814.9	5,826.5	11.6	6,036.3	6,056.7	20.4

ATTACHMENT 2

GENERAL FUND FINANCIAL SUMMARY - December 2010 Revenue Estimate (Dollars in Millions)

	Preliminary FY2010	Estimated FY2011	Estimated FY2012
APPROPRIATION ACCOUNT			
REVENUE			
Recurring Revenue			
December 2009 Consensus Estimate	\$ 4,823.3	\$ 5,120.8	\$ 5,425.8
<i>Revenue Enhancements - 2010 Regular & Special Sessions</i>	8.0	186.2	164.7
<i>July 2010 forecast update</i>	(32.5)	(158.8)	(161.1)
<i>October 2010 forecast update</i>	(4.6)	(39.8)	(81.4)
<i>December 2010 forecast update</i>	4.5	55.8	41.6
Total Recurring Revenue	\$ 4,798.7	\$ 5,164.3	\$ 5,389.7
Nonrecurring Revenue			
December 2009 consensus estimate	\$ -	\$ -	\$ -
<i>2009 Special & 2010 Regular & Special Sessions</i>	460.0	2.1	6.9
<i>October forecast revision</i>	26.0		
<i>December forecast revision</i>	(6.1)		
Total Non-Recurring Revenue	\$ 479.9	\$ 2.1	\$ 6.9
TOTAL REVENUE	\$ 5,278.6	\$ 5,166.4	\$ 5,396.6
APPROPRIATIONS			
Recurring Appropriations			
Recurring Appropriations - General	\$ 5,487.6	\$ 5,338.7	
Recurring Appropriations - Other	-	-	
Recurring Appropriations - Feed Bill/Legislative	4.9	15.0	
Recurring Solvency Savings	(134.6)	-	
Section 14 GAA sanding implemented (2)		(150.9)	
Total Recurring Appropriations	\$ 5,357.9	\$ 5,202.8	
Nonrecurring Appropriations			
2009 Fund Transfers	\$ 5.7	\$ -	\$ -
Nonrecurring Solvency Savings	100.0	-	-
2010 Regular & Special Session appropriations	(18.4)	-	-
2010 Regular & Special Session appropriations	6.0	1.1	-
Total Nonrecurring Appropriations	\$ 93.3	\$ 1.1	\$ -
TOTAL APPROPRIATIONS	\$ 5,451.2	\$ 5,203.9	\$ -
Transfer to(from) Reserves	\$ (172.5)	\$ (37.4)	
GENERAL FUND RESERVES			
Beginning Balances	\$ 388.7	\$ 278.1	
Transfers from (to) Appropriations Account	(172.5)	(37.4)	
Revenue and Reversions	120.0	50.8	
Appropriations, expenditures and transfers out	(58.0)	(56.5)	
Ending Balances	\$ 278.1	\$ 235.0	
<i>Reserves as a Percent of Recurring Appropriations</i>	5.2%	4.5%	

ATTACHMENT 2

GENERAL FUND FINANCIAL SUMMARY - December 2010 Revenue Estimate RESERVE DETAIL (Dollars in Millions)

	Preliminary FY2010	Estimated FY2011	Estimated FY2012
OPERATING RESERVE			
Beginning balance	\$ 37.4	\$ 36.2	
BOF Emergency Appropriations	(1.2)	(1.5)	
Transfers from/to appropriation account	-	-	
Chapter 3, Laws 2009 - SS (HB6)	-	-	
Ending balance	\$ 36.2	\$ 34.7	
<i>Percent of previous fiscal year's recurring appropriations</i>	<i>0.6%</i>	<i>0.6%</i>	
APPROPRIATION CONTINGENCY FUND			
Beginning balance	\$ 11.5	\$ 29.6	
Disaster allotments	(9.9)	(11.0)	
Other appropriations	-	-	
Transfers in	25.0	-	
Revenue and reversions	3.0	-	
Ending Balance	\$ 29.6	\$ 18.6	
Education Lock Box			
Beginning balance	\$ 19.0	\$ 53.0	
Appropriations (Section 5 2010 GAA)	(6.0)	(4.0)	
Transfers in(out)	40.0	-	
Laws 2009, Ch. 3 (SB79)	-	-	
Appropriation Account transfer authorized by 2010 GAA	-	(12.0)	
Ending balance	\$ 53.0	\$ 37.1	
STATE SUPPORT FUND			
Beginning balance	\$ 1.0	\$ 1.0	
Revenues	\$ -	\$ -	
Appropriations	\$ -	\$ -	
Ending balance	\$ 1.0	\$ 1.0	
TOBACCO PERMANENT FUND			
Beginning balance	\$ 121.0	\$ 132.0	
Transfers in	40.9	40.0	
Appropriation to tobacco settlement program fund	(20.5)	(20.0)	
Gains/Losses	11.1	10.8	
Laws 2009, Ch. 3 (SB79)/2010 Session change	(20.5)	(20.0)	
Ending balance	\$ 132.0	\$ 142.9	
TAX STABILIZATION RESERVE			
Beginning balance	\$ 198.7	\$ 26.1	
Transfers in	-	-	
Laws 2009, Ch. 3 (SB79)	-	-	
Chapter 3, Laws 2009 - SS (HB6)	(115.0)	-	
Appropriation Account transfer authorized by 2010 GAA	(57.5)	(25.5)	
Ending balance	\$ 26.1	\$ 0.7	
<i>Percent of previous fiscal year's recurring appropriations</i>	<i>0.4%</i>	<i>0.0%</i>	
GENERAL FUND ENDING BALANCES	\$ 278.0	\$ 234.9	
<i>Percent of Recurring Appropriations</i>	<i>5.2%</i>	<i>4.5%</i>	

U.S. AND NEW MEXICO ECONOMIC INDICATORS

	FY2010		FY2011		FY2012		FY2013		FY2014		FY2015	
	Oct10 Prelim	Dec10 Prelim	Oct10 Estimate	Dec10 Estimate								
NATIONAL ECONOMIC INDICATORS												
US Real GDP Growth (level annual avg, % yoy)*	0.7	0.7	2.2	2.5	2.7	2.6	2.9	2.9	2.7	2.7	3.3	3.3
US Inflation Rate (CPI, annual avg, % yoy)**	1.0	1.0	1.3	1.3	1.8	1.7	2.0	2.0	2.0	2.1	2.1	2.2
Federal Funds Rate (%)	0.15	0.15	0.14	0.15	0.3	0.3	2.7	2.7	3.5	3.5	4.2	4.2
NEW MEXICO LABOR MARKET & INCOME DATA												
NM Non-Agricultural Employment Growth (%)	(3.3)	(3.2)	-0.3	0.2	1.0	1.0	1.6	1.3	1.3	1.5	1.1	1.4
NM Personal Income Growth (%)**	0.0	0.0	3.2	3.5	2.0	2.2	3.2	3.2	3.9	3.9	4.8	5.1
NM Private Wages & Salaries Growth (%)	(2.3)	(2.3)	1.3	2.2	3.2	3.6	4.0	3.7	3.8	4.1	3.5	4.1
CRUDE OIL AND NATURAL GAS OUTLOOK												
NM Oil Price (\$/barrel)	\$71.29	\$71.29	\$76.50	\$76.87	\$83.00	\$82.69	\$86.00	\$85.60	\$89.00	\$88.01	\$92.00	\$90.46
NM Taxable Oil Sales (million barrels)	62.7	62.9	63.3	64.2	64.0	64.2	64.6	63.9	65.2	63.4	65.9	62.8
NM Gas Price (\$ per thousand cubic feet)****	\$5.18	\$5.20	\$5.00	\$5.00	\$5.75	\$5.75	\$6.30	\$6.37	\$6.55	\$6.58	\$6.80	\$6.73
NM Taxable Gas Sales (billion cubic feet)	1,285	1,283	1,234	1,229	1,197	1,191	1,161	1,154	1,126	1,118	1,092	1,085

*Real GDP is BEA chained 2005 dollars, billions, annual rate.

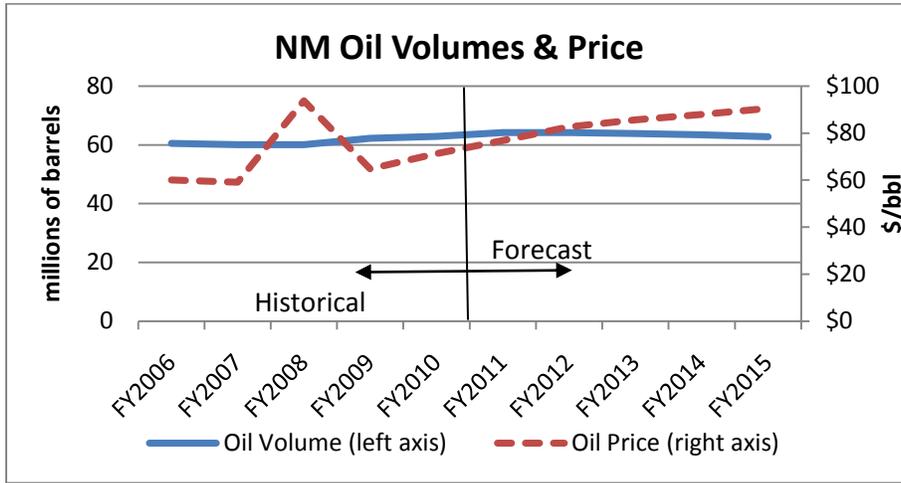
**CPI is all urban, BLS 1982-84=1.00 base.

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

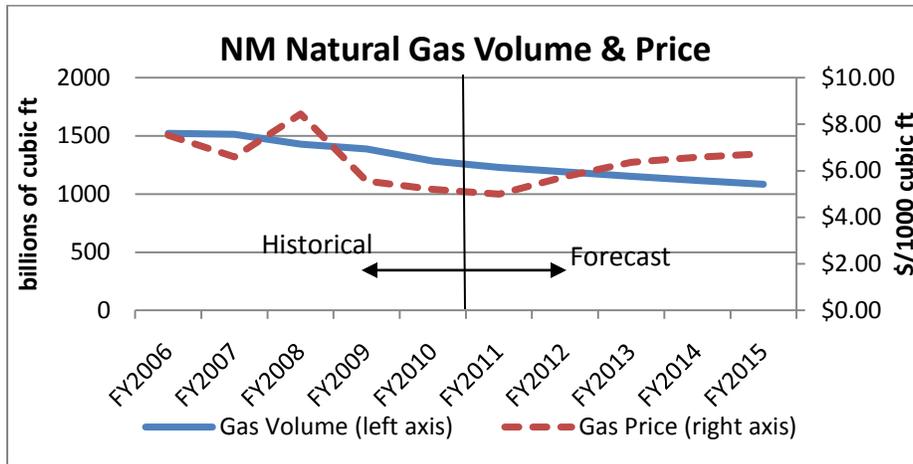
****The gas prices are estimated using a formula of NYMEX, PIRA and Global Insight future prices as well as a liquid premium based on oil prices.

Sources: November Global Insight, November PIRA and

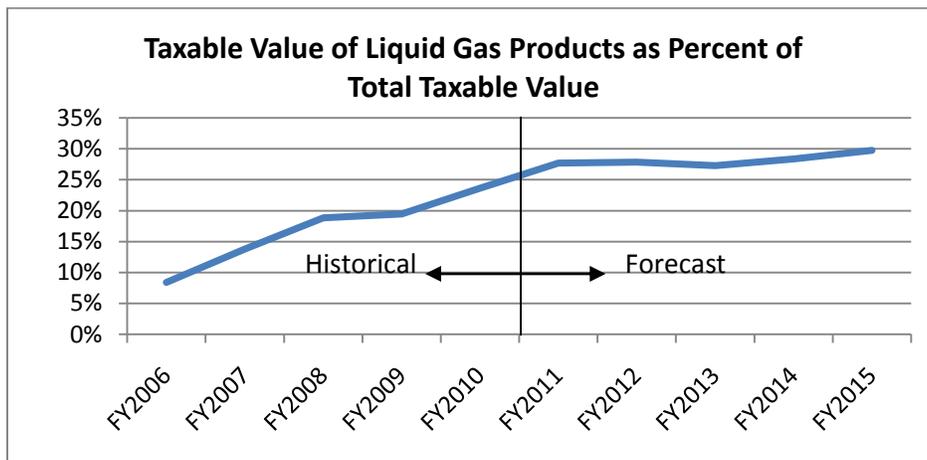
ATTACHMENT 4



Source: ONGARD database / Consensus revenue estimating group



Source: ONGARD database/ Consensus revenue estimating group



Source: ONGARD database

**Taxable Gross Receipts by Industry:
First Quarter FY11 vs First Quarter FY10**

	Change (Million \$)	Percentage Change
Agriculture, Forestry, Fishing and Hunting	-\$0.9	-6.0%
Mining and Oil and Gas Extraction	\$194.2	45.5%
Utilities	\$53.8	11.1%
Construction	-\$123.7	-8.4%
Manufacturing	\$46.5	17.3%
Wholesale Trade	\$37.0	7.9%
Retail Trade	-\$91.7	-3.2%
Transportation and Warehousing	\$7.5	4.8%
Information and Cultural Industries	\$130.4	33.9%
Finance and Insurance	-\$8.4	-13.5%
Real Estate and Rental and Leasing	\$16.0	9.5%
Professional, Scientific and Technical Services	\$73.6	7.4%
Management of Companies and Enterprises	-\$2.1	-20.4%
Admin and Support, Waste Mgt and Remed	\$210.5	39.6%
Educational Services	\$25.4	58.6%
Health Care and Social Assistance	\$40.7	8.3%
Arts, Entertainment and Recreation	\$2.0	4.2%
Accommodation and Food Services	\$32.9	4.0%
Other Services (except Public Admin)	-\$40.4	-3.3%
Public Administration	-\$1.5	-3.7%
Unclassified Establishments	-\$39.6	-56.4%
Total	\$562.3	5.1%

Source: TRD RP-500.