

February 2015 Update to Consensus Revenue Estimate
House Appropriations and Finance Committee and the Senate Finance Committee
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Summary:

- The consensus revenue estimating group (Legislative Finance Committee, Department of Finance and Administration, Taxation and Revenue Department, and Department of Transportation) met and reached consensus on the revenue estimates presented in this brief.
- Analysts considered new information available since the December estimate, including further declines in oil and gas prices, additional year-to-date tax revenue collection data, both actual and preliminary, and updated forecasts from national and state-level forecasting services.
- Compared with the December 2014 forecast, the FY15 recurring revenue estimate was revised downward by \$5.3 million to \$6.11 billion and the FY16 revenue estimate was revised downward by \$57.8 million to \$6.23 billion. Table 1 compares the February and December consensus revenue totals.
- Attachment 1 shows, in detail, general fund revenue revisions from December 2014, to February 2015.
- FY14-ending reserve balances are estimated at \$709 million, or 12 percent of recurring appropriations. After considering the LFC appropriation recommendation, projected FY15-ending reserve balances are \$495 million, or 8 percent of recurring appropriations. Projected FY16-ending balances are \$496 million (8 percent). Attachment 2 shows the general fund financial summary.
- “New Money” in FY16, defined as FY16 projected recurring revenue less FY15 recurring appropriations, is projected to be \$83 million, or 1.3 percent of FY15 recurring appropriations.
- Attachment 4 shows the historical 18-month and 6-month revenue estimating error.

Table 1
August 2014 Consensus General Fund Recurring Revenue Outlook
(in millions of dollars)

	FY14	FY15	FY16	FY17
December 2014 Consensus	\$6,040	\$6,120	\$6,292	\$6,572
February 2015 Adjustments	\$0	(\$5)	(\$58)	(\$50)
February 2015 Consensus	\$6,040	\$6,115	\$6,234	\$6,522
Annual amount change	\$332	\$75	\$120	\$288
Annual percent change	5.8%	1.2%	2.0%	4.6%

Energy-Related Revenues:

- Oil prices continued their decline since December, with West Texas Intermediate (WTI) prices reaching as low as \$43.50 before rebounding in recent days. Natural gas prices (for dry gas) have declined to less than \$2.80 per million BTU, from nearly \$4.50 in November.
- The Energy Information Administration and the forecasting services subscribed to by the revenue estimating group updated their commodity price outlooks. These, along with additional actual New

Mexico price and production data from ONGARD were considered in updating oil and gas prices and volume forecasts (See Attachment 3).

- The FY15 oil price estimate was lowered from \$71 per barrel (bbl) to \$61/bbl, and the FY16 oil price estimate was lowered from \$66/bbl to \$56/bbl. New Mexico prices assume a differential from WTI prices of approximately \$4/bbl.
- The FY15 natural gas price estimate was reduced from \$4.90 per thousand cubic feet (mcf) to \$4.30/mcf. The FY16 natural gas price estimate was reduced from \$4.90/mcf to \$4.10/mcf.
- New Mexico natural gas prices to see gains above Henry Hub dry gas prices due to high prices paid for natural gas liquids. This NGL premium is estimated to be approximately \$0.60/mcf.
- The reductions in energy prices contributed to the decline in several revenue sources, including mineral production taxes (oil and gas emergency school tax, oil and gas conservation tax), federal mineral leasing royalties, and State Land Office rental and bonus income.
- In total, the FY16 revenue estimates for severance taxes and rents and royalties were reduced by approximately \$140 million.

Other Revenues:

- The reduction in energy-related revenues was partially offset by strength in broad-based taxes including the gross receipts tax (GRT), the compensating tax, personal income tax (PIT), and corporate income tax (CIT).
- LFC, TRD and DOT subscribe to the Bureau of Business and Economic Research (BBER) for state-level economic forecasts. The January BBER forecast was marginally stronger than the October forecast (see Attachment 3).
- DFA subscribes to Moody's for national and state-level forecasts, and its forecast shows increases compared with the October forecast for such economic indicators as employment, personal income, and wage and salary disbursement growth.
- These forecasts are supported by year-to-date strength in revenue collections for these tax programs, all of which are on pace to exceed the December forecast levels. As such, analysts increased the revenue estimates for GRT, compensating tax, PIT, and CIT (Attachment 1).
- Increases to the FY16 estimates for these broad-based tax revenues totaled \$75 million.
- The FY15 GRT-revenue estimate is buoyed by year-to-date strength. Downside pressure from a projected reduction in drilling activity driven by reduced energy prices is estimated to be offset by increased consumer expenditures due to spending less of their income on gasoline thanks to low prices.
- Compensating tax revenue is showing current-year strength, diminishing in out years as compensating tax associated with the extractive industry is expected to decline.

- The personal income tax revenue estimate is supported by current-fiscal-year-to-date strength in withholding tax revenue and recent positive employment reports from the New Mexico Workforce Solutions Department.
- Corporate income tax revenue is supported by strong year-to-date collections and a modest increase in Congressional Budget Office estimates for federal corporate income tax receipts in federal fiscal years 16-19.
- Strong year-to-date collections in motor vehicle excise tax contributed to a modest increase in that revenue source for FY15 and FY16.
- Finally, the 2014 year-end market value of the Land Grant Permanent Fund (LGPF) became known, and was higher than initially estimated. The higher 5-year average of year-end market values, paired with an increased share of the LGPF distribution that goes to the general fund contributed to a modest increase in the LGPF distribution estimate for FY16 and onward.

General Fund Consensus Revenue Estimate February 2015

	FY14			FY15					FY16				
	Unaudited Actual	% Change from FY13	\$ Change from FY13	Dec 2014 Est.	Feb 2015 Est.	Change from Prior	% Change from FY14	\$ Change from FY14	Dec 2014 Est.	Feb 2015 Est.	Change from Prior	% Change from FY15	\$ Change from FY15
Gross Receipts Tax	1,992.0	3.9%	74.4	2,090.0	2,129.0	39.0	6.9%	137.0	2,195.0	2,235.5	40.5	5.0%	106.5
Compensating Tax	78.4	53.9%	27.5	63.9	75.0	11.1	-4.3%	(3.4)	65.9	69.5	3.6	-7.3%	(5.5)
TOTAL GENERAL SALES	2,070.4	5.2%	101.8	2,153.9	2,204.0	50.1	6.5%	133.6	2,260.9	2,305.0	44.1	4.6%	101.0
Tobacco Taxes	78.5	-8.8%	(7.6)	79.0	79.0	-	0.7%	0.5	78.1	78.1	-	-1.1%	(0.9)
Liquor Excise	26.4	0.4%	0.1	26.7	26.7	-	1.3%	0.3	6.7	6.7	-	-74.9%	(20.0)
Insurance Taxes	115.1	7.0%	7.5	140.0	140.0	-	21.7%	24.9	183.0	183.0	-	30.7%	43.0
Fire Protection Fund Reversion	16.1	-12.2%	(2.2)	14.9	14.9	-	-7.4%	(1.2)	13.8	13.8	-	-7.4%	(1.1)
Motor Vehicle Excise	133.3	6.2%	7.8	141.3	143.3	2.0	7.5%	10.0	145.6	146.6	1.0	2.3%	3.3
Gaming Excise	66.5	5.4%	3.4	67.9	67.9	-	2.2%	1.4	68.1	68.1	-	0.3%	0.2
Leased Vehicle Surcharge	5.2	4.7%	0.2	5.2	5.2	-	-0.1%	(0.0)	5.2	5.2	-	0.0%	-
Other	2.9	-217.5%	5.4	1.1	1.1	-	-64.3%	(1.9)	2.4	2.4	-	128.6%	1.4
TOTAL SELECTIVE SALES	443.9	4.3%	14.7	476.1	478.1	2.0	7.7%	34.2	502.9	503.9	1.0	5.4%	25.9
Personal Income Tax	1,254.9	1.1%	14.0	1,305.0	1,315.0	10.0	4.8%	60.1	1,345.0	1,360.0	15.0	3.4%	45.0
Corporate Income Tax	196.8	-26.3%	(70.4)	215.0	230.0	15.0	16.9%	33.2	210.0	225.0	15.0	-2.2%	(5.0)
TOTAL INCOME TAXES	1,451.7	-3.7%	(56.4)	1,520.0	1,545.0	25.0	6.4%	93.3	1,555.0	1,585.0	30.0	2.6%	40.0
Oil and Gas School Tax	500.7	31.8%	120.8	421.1	370.0	(51.1)	-26.1%	(130.7)	408.6	347.0	(61.6)	-6.2%	(23.0)
Oil Conservation Tax	27.2	31.1%	6.5	22.7	20.0	(2.7)	-26.6%	(7.2)	22.1	19.0	(3.1)	-5.0%	(1.0)
Resources Excise Tax	13.0	-3.5%	(0.5)	12.7	12.7	-	-2.4%	(0.3)	12.7	12.7	-	0.0%	-
Natural Gas Processors Tax	16.2	-33.1%	(8.0)	19.0	19.0	-	17.3%	2.8	21.0	20.0	(1.0)	5.3%	1.0
TOTAL SEVERANCE TAXES	557.1	27.1%	118.8	475.5	421.7	(53.8)	-24.3%	(135.4)	464.4	398.7	(65.7)	-5.5%	(23.0)
LICENSE FEES	51.7	3.3%	1.7	51.6	51.6	-	-0.1%	(0.1)	51.8	51.8	-	0.3%	0.2
LGPF Interest	449.4	1.9%	8.5	496.2	496.2	-	10.4%	46.8	545.6	553.2	7.6	11.5%	57.1
STO Interest	19.0	28.9%	4.3	15.0	15.0	-	-21.0%	(4.0)	35.0	35.0	-	133.3%	20.0
STPF Interest	170.5	-3.2%	(5.7)	182.7	182.7	-	7.2%	12.2	193.6	193.6	-	6.0%	10.9
TOTAL INTEREST	638.9	1.1%	7.1	693.9	693.9	-	8.6%	55.0	774.2	781.8	7.6	12.7%	88.0
Federal Mineral Leasing	569.9	24.0%	110.2	532.0	510.0	(22.0)	-10.5%	(59.9)	487.0	420.0	(67.0)	-17.6%	(90.0)
State Land Office	47.5	6.4%	2.8	47.5	40.9	(6.6)	-13.9%	(6.6)	47.5	39.7	(7.8)	-2.8%	(1.2)
TOTAL RENTS & ROYALTIES	617.3	22.4%	113.1	579.5	550.9	(28.6)	-10.8%	(66.4)	534.5	459.7	(74.8)	-16.5%	(91.2)
TRIBAL REVENUE SHARING	67.6	-4.4%	(3.1)	70.0	70.0	-	3.6%	2.4	53.3	53.3	-	-23.9%	(16.7)
MISCELLANEOUS RECEIPTS	45.0	9.1%	3.7	46.6	46.6	-	3.5%	1.6	49.9	49.9	-	7.2%	3.3
REVERSIONS	96.5	46.8%	30.8	53.0	53.0	-	-45.1%	(43.5)	45.0	45.0	-	-15.1%	(8.0)
TOTAL RECURRING	6,040.1	5.8%	332.1	6,120.0	6,114.7	(5.3)	1.2%	74.6	6,291.9	6,234.1	(57.8)	2.0%	119.4
TOTAL NON-RECURRING	0.4	-35.2%	(0.2)	-	-	-	-100.0%	(0.4)	-	-	-	na	-
GRAND TOTAL	6,040.5	5.8%	331.9	6,120.0	6,114.7	(5.3)	1.2%	74.2	6,291.9	6,234.1	(57.8)	2.0%	119.4

General Fund Consensus Revenue Estimate February 2015

	FY17					FY18					FY19				
	Dec 2014 Est.	Feb 2015 Est.	Change from Prior	% Change from FY16	\$ Change from FY16	Dec 2014 Est.	Feb 2015 Est.	Change from Prior	% Change from FY17	\$ Change from FY17	Dec 2014 Est.	Feb 2015 Est.	Change from Prior	% Change from FY18	\$ Change from FY18
Gross Receipts Tax	2,292.0	2,333.8	41.8	4.4%	98.4	2,384.0	2,427.2	43.2	4.0%	93.4	2,483.0	2,529.1	46.1	4.2%	101.9
Compensating Tax	70.4	75.7	5.3	8.9%	6.2	70.5	74.9	4.4	-1.1%	(0.8)	72.7	73.4	0.7	-2.0%	(1.5)
TOTAL GENERAL SALES	2,362.4	2,409.5	47.2	4.5%	104.6	2,454.5	2,502.1	47.6	3.8%	92.6	2,555.7	2,602.5	46.8	4.0%	100.4
Tobacco Taxes	77.4	77.4	-	-0.9%	(0.7)	76.4	76.4	-	-1.3%	(1.0)	75.7	75.7	-	-0.9%	(0.7)
Liquor Excise	6.9	6.9	-	3.0%	0.2	26.1	26.1	-	278.3%	19.2	28.9	28.9	-	10.7%	2.8
Insurance Taxes	213.0	213.0	-	16.4%	30.0	226.0	226.0	-	6.1%	13.0	237.0	237.0	-	4.9%	11.0
Fire Protection Fund Reversion	12.8	12.8	-	-7.2%	(1.0)	11.9	11.9	-	-7.0%	(0.9)	10.7	10.7	-	-10.1%	(1.2)
Motor Vehicle Excise	149.9	149.9	-	2.3%	3.3	152.9	152.9	-	2.0%	3.0	156.0	156.0	-	2.0%	3.1
Gaming Excise	68.3	68.3	-	0.3%	0.2	68.5	68.5	-	0.3%	0.2	68.8	68.8	-	0.4%	0.3
Leased Vehicle Surcharge	5.2	5.2	-	0.0%	-	5.2	5.2	-	0.0%	-	5.2	5.2	-	0.0%	-
Other	2.4	2.4	-	0.0%	-	2.4	2.4	-	0.0%	-	2.4	2.4	-	0.0%	-
TOTAL SELECTIVE SALES	535.9	535.9	-	6.4%	32.0	569.4	569.4	-	6.3%	33.5	584.7	584.7	-	2.7%	15.3
Personal Income Tax	1,405.0	1,405.0	-	3.3%	45.0	1,465.0	1,453.0	(12.0)	3.4%	48.0	1,530.0	1,505.0	(25.0)	3.6%	52.0
Corporate Income Tax	217.0	235.0	18.0	4.4%	10.0	175.0	200.0	25.0	-14.9%	(35.0)	163.0	180.0	17.0	-10.0%	(20.0)
TOTAL INCOME TAXES	1,622.0	1,640.0	18.0	3.5%	55.0	1,640.0	1,653.0	13.0	0.8%	13.0	1,693.0	1,685.0	(8.0)	1.9%	32.0
Oil and Gas School Tax	435.1	387.0	(48.1)	11.5%	40.0	454.5	412.0	(42.5)	6.5%	25.0	471.6	437.0	(34.6)	6.1%	25.0
Oil Conservation Tax	23.8	21.0	(2.8)	10.5%	2.0	24.9	23.0	(1.9)	9.5%	2.0	26.0	24.0	(2.0)	4.3%	1.0
Resources Excise Tax	12.7	12.7	-	0.0%	-	12.7	12.7	-	0.0%	-	12.7	12.7	-	0.0%	-
Natural Gas Processors Tax	19.0	16.0	(3.0)	-20.0%	(4.0)	18.6	16.0	(2.6)	0.0%	-	17.9	15.0	(2.9)	-6.3%	(1.0)
TOTAL SEVERANCE TAXES	490.6	436.7	(53.9)	9.5%	38.0	510.7	463.7	(47.0)	6.2%	27.0	528.2	488.7	(39.5)	5.4%	25.0
LICENSE FEES	51.9	51.9	-	0.2%	0.1	52.0	52.0	-	0.1%	0.1	52.0	52.0	-	0.1%	0.0
LGPF Interest	540.2	547.2	7.0	-1.1%	(6.0)	595.1	602.0	7.0	10.0%	54.8	648.1	654.7	6.6	8.8%	52.7
STO Interest	65.0	65.0	-	85.7%	30.0	75.0	75.0	-	15.4%	10.0	80.0	80.0	-	6.7%	5.0
STPF Interest	203.5	203.5	-	5.1%	9.8	216.6	216.6	-	6.4%	13.1	227.2	227.2	-	4.9%	10.7
TOTAL INTEREST	808.7	815.7	7.0	4.3%	33.9	886.6	893.6	7.0	9.6%	77.9	955.3	961.9	6.6	7.6%	68.4
Federal Mineral Leasing	505.0	445.0	(60.0)	6.0%	25.0	528.0	480.0	(48.0)	7.9%	35.0	550.0	505.0	(45.0)	5.2%	25.0
State Land Office	47.5	39.7	(7.8)	-0.1%	(0.0)	47.0	40.9	(6.1)	2.9%	1.2	47.0	43.1	(3.9)	5.4%	2.2
TOTAL RENTS & ROYALTIES	552.5	484.7	(67.8)	5.4%	25.0	575.0	520.9	(54.1)	7.5%	36.2	597.0	548.1	(48.9)	5.2%	27.2
TRIBAL REVENUE SHARING	56.2	56.2	-	5.4%	2.9	58.4	58.4	-	3.9%	2.2	60.5	60.5	-	3.6%	2.1
MISCELLANEOUS RECEIPTS	52.2	52.2	-	4.5%	2.2	53.0	53.0	-	1.6%	0.9	53.9	53.9	-	1.6%	0.9
REVERSIONS	40.0	40.0	-	-11.1%	(5.0)	40.0	40.0	-	0.0%	-	40.0	40.0	-	0.0%	-
TOTAL RECURRING	6,572.3	6,522.7	(49.5)	4.6%	288.6	6,839.6	6,806.0	(33.6)	4.3%	283.2	7,120.3	7,077.3	(43.0)	4.0%	271.3
TOTAL NON-RECURRING	-	-	-	na	-	-	-	-	na	-	-	-	-	na	-
GRAND TOTAL	6,572.3	6,522.7	(49.5)	4.6%	288.6	6,839.6	6,806.0	(33.6)	4.3%	283.2	7,120.3	7,077.3	(43.0)	4.0%	271.3

Attachment 2 - General Fund Financial Summary: February 2015 Consensus Revenue Estimate
(in millions of dollars)

February 4, 2015	Unaudited Actual FY2014	Estimated FY2015	Estimated FY2016
APPROPRIATION ACCOUNT			
REVENUE			
Recurring Revenue			
December 2014 Consensus Forecast	\$ 6,040.1	\$ 6,120.0	\$ 6,291.9
February 2015 Consensus Revenue Update		\$ (5.3)	\$ (57.8)
2014 Legislation	\$ -	\$ -	\$ -
Total Recurring Revenue	\$ 6,040.1	\$ 6,114.7	\$ 6,234.1
Nonrecurring Revenue			
December 2014 Consensus Forecast	\$ 0.4	\$ -	\$ -
February 2015 Consensus Revenue Update		\$ -	\$ -
2015 Legislation (1)		\$ (0.5)	\$ -
Total Non-Recurring Revenue	\$ 0.4	\$ (0.5)	\$ -
TOTAL REVENUE	\$ 6,040.5	\$ 6,114.2	\$ 6,234.1
APPROPRIATIONS			
Recurring Appropriations			
General Appropriation	\$ 5,899.0	\$ 6,151.2	\$ 6,234.1
2014 Audit Adjustment	\$ (10.0)		
2015 Legislative Session Costs - Feed Bill		\$ 10.1	
Total Recurring Appropriations	\$ 5,889.0	\$ 6,161.3	\$ 6,234.1
Nonrecurring Appropriations			
Prior Year Appropriations	\$ 41.7	\$ 13.4	
2014 Audit Adjustment (2)	\$ (4.5)	\$ 3.0	
2015 Deficiencies, Supplementals, Specials (3)		\$ 153.9	\$ -
2015 IT Appropriations		\$ 12.0	\$ -
Total Nonrecurring Appropriations	\$ 37.2	\$ 182.3	\$ -
TOTAL APPROPRIATIONS	\$ 5,926.2	\$ 6,343.6	\$ 6,234.1
Transfer to (from) Reserves	\$ 114.4	\$ (229.4)	\$ -
GENERAL FUND RESERVES			
Beginning Balances	\$ 671.4	\$ 708.8	\$ 495.4
Transfers from (to) Appropriations Account	\$ 114.4	\$ (229.4)	\$ -
Revenue and Reversions	\$ 73.9	\$ 69.4	\$ 57.2
Appropriations, Expenditures and Transfers Out	\$ (150.8)	\$ (53.5)	\$ (56.1)
Ending Balances	\$ 708.8	\$ 495.4	\$ 496.4
<i>Reserves as a Percent of Recurring Appropriations</i>	<i>12.0%</i>	<i>8.0%</i>	<i>8.0%</i>

Notes:

- (1) Special appropriation to the State Land Office (SLO) from other state funds reduces SLO general fund revenue distribution.
- (2) Reduction in 2014: \$3 million special education maintenance of effort contingency available for expenditure in FY15; and \$1.5 million to the Public Education Department for school bus fuel not expended.
- (3) 2015 potential deficiency appropriations include \$73.1 million to the Human Services Department for Medicaid receivables.

Attachment 2 - General Fund Financial Summary: February 2015 Consensus Revenue Estimate

RESERVE DETAIL

(in millions of dollars)

	Unaudited Actual FY2014	Estimated FY2015	Estimated FY2016
OPERATING RESERVE			
Beginning Balance	\$ 327.1	\$ 345.8	\$ 99.4
BOF Emergency Appropriations/Reversions	\$ (1.0)	\$ (2.0)	
Contingent Liability - Cash Management (1)	\$ (31.7)	\$ -	\$ -
Transfers from/to Appropriation Account	\$ 114.4	\$ (229.4)	\$ -
Contingent Liability for PED MOE (HB2 & HB628) (2)	\$ (46.0)		\$ -
Transfer to ACF/Other Appropriations	\$ (17.0)	\$ (15.0)	
Ending Balance	\$ 345.8	\$ 99.4	\$ 99.4
APPROPRIATION CONTINGENCY FUND			
Beginning Balance	\$ 16.4	\$ 18.4	\$ 16.9
Disaster Allotments	\$ (19.2)	\$ (16.0)	\$ (16.0)
Other Appropriations		\$ (0.5)	
Transfers In	\$ 17.0	\$ 15.0	
Revenue and Reversions	\$ 4.2	\$ -	
Ending Balance	\$ 18.4	\$ 16.9	\$ 0.9
Education Lock Box			
Beginning Balance	\$ 9.1	\$ 3.1	\$ 3.1
Appropriations	\$ (6.0)	\$ -	\$ -
Transfers In	\$ -	\$ -	\$ -
Ending Balance	\$ 3.1	\$ 3.1	\$ 3.1
Total of Appropriation Contingency Fund	\$ 21.5	\$ 20.0	\$ 4.0
STATE SUPPORT FUND			
Beginning Balance	\$ 1.0	\$ 1.0	\$ 1.0
Revenues	\$ -	\$ -	\$ -
Appropriations	\$ -	\$ -	\$ -
Ending Balance	\$ 1.0	\$ 1.0	\$ 1.0
TOBACCO PERMANENT FUND			
Beginning Balance	\$ 170.3	\$ 193.1	\$ 227.5
Transfers In (3)	\$ 21.1	\$ 39.9	\$ 40.1
Appropriation to Tobacco Settlement Program Fund	\$ (10.6)	\$ (20.0)	\$ (20.1)
Gains/Losses	\$ 31.5	\$ 14.5	\$ 17.1
Additional Transfers from TSPF (4)	\$ (19.3)	\$ -	\$ (20.1)
Ending Balance	\$ 193.1	\$ 227.5	\$ 244.6
TAX STABILIZATION RESERVE			
Beginning Balance	\$ 147.5	\$ 147.5	\$ 147.5
Transfers In	\$ -	\$ -	\$ -
Ending Balance	\$ 147.5	\$ 147.5	\$ 147.5
GENERAL FUND ENDING BALANCES	\$ 708.8	\$ 495.4	\$ 496.4
<i>Percent of Recurring Appropriations</i>	<i>12.0%</i>	<i>8.0%</i>	<i>8.0%</i>

Notes:

(1) \$31.7 million contingent liability in FY13 in addition to the previously identified \$70 million contingent liability in FY12 for SHARE reconciliation to the cash account.

(2) The FY13 general fund audit includes restricted operating reserves of \$20 million for the Public Education Department contingent on appropriations in the General Appropriation Acts of 2012 and 2013 being insufficient to meet federal special education maintenance of effort (MOE) requirements. The remaining \$26 million are FY14 contingent liabilities for MOE.

(3) After the reduction, the FY14 Tobacco Master Settlement Agreement (MSA) payment is \$21.1 million. The transfer shown in FY15 assumes no reduction.

(4) Additional transfer in FY16 is contingent on passage of legislation.

Attachment 3 - U.S. and New Mexico Economic Indicators

		FY14	FY15		FY16		FY17		FY18		FY19	
		Actuals	Dec14 Forecast	Feb15 Forecast								
National Economic Indicators												
GI	US Real GDP Growth (annual avg. ,% YOY)*	2.5	2.7	3.1	2.5	2.6	3.2	2.9	3.0	2.4	2.7	2.6
Moody's	US Real GDP Growth (annual avg. ,% YOY)*	2.5	2.7	3.2	3.6	3.7	3.2	3.2	2.7	2.7	2.1	2.1
GI	US Inflation Rate (CPI-U, annual avg., % YOY)**	1.6	1.6	0.6	1.3	1.5	1.8	2.3	2.0	2.4	2.1	2.5
Moody's	US Inflation Rate (CPI-U, annual avg., % YOY)**	1.6	1.7	1.2	2.1	1.9	2.6	2.7	3.0	2.9	2.8	2.8
GI	Federal Funds Rate (%)	0.08	0.15	0.15	0.91	0.91	2.46	2.46	3.73	3.73	3.75	3.75
Moody's	Federal Funds Rate (%)	0.08	0.10	0.11	1.06	1.05	3.06	2.96	3.94	3.84	4.03	3.93
New Mexico Labor Market and Income Data												
BBER	NM Non-Agricultural Employment Growth	0.5	0.9	0.9	1.3	1.2	1.3	1.4	1.1	1.1	1.1	1.0
Moody's	NM Non-Agricultural Employment Growth	0.0	0.5	1.8	1.4	1.7	1.5	1.4	0.9	1.0	0.8	4.2
BBER	NM Nominal Personal Income Growth (%)***	0.5	3.0	3.5	4.1	3.9	4.9	4.5	5.0	4.8	4.7	4.5
Moody's	NM Nominal Personal Income Growth (%)***	0.5	2.5	3.6	2.6	3.0	4.2	3.9	3.9	4.1	3.9	4.2
BBER	NM Total Wages & Salaries Growth (%)	1.7	3.5	3.6	3.9	3.9	4.2	4.4	4.1	4.1	4.1	4.1
Moody's	NM Total Wages & Salaries Growth (%)	1.7	2.3	3.3	4.7	4.7	4.7	4.9	4.3	4.7	4.4	5.0
BBER	NM Private Wages & Salaries Growth (%)	2.4	4.3	4.4	4.5	4.5	4.5	4.7	4.3	4.4	4.3	4.4
BBER	NM Real Gross State Product (% YOY)	1.7	2.5	2.6	2.5	2.6	3.0	2.8	3.1	2.5	2.7	2.6
Moody's	NM Real Gross State Product (% YOY)	1.4	1.1	1.3	2.5	2.5	2.1	2.2	1.9	1.7	1.7	1.6
CREG	NM Oil Price (\$/barrel)	\$95.14	\$71.00	\$61.00	\$66.00	\$56.00	\$72.00	\$56.00	\$76.00	\$70.00	\$80.00	\$75.00
CREG	NM Taxable Oil Volumes (million barrels)	113.4	122.0	125.0	127.0	128.0	131.0	131.0	133.0	133.0	135.0	135.0
	NM Taxable Oil Volumes (%YOY growth)	20.4%	10.9%	10.2%	4.1%	2.4%	3.1%	2.3%	1.5%	1.5%	1.5%	1.5%
CREG	NM Gas Price (\$ per thousand cubic feet)****	\$5.13	\$4.90	\$4.30	\$4.90	\$4.10	\$4.95	\$4.30	\$5.10	\$4.50	\$5.20	\$4.70
CREG	NM Taxable Gas Volumes (billion cubic feet)	1,187	1,181	1,181	1,150	1,150	1,118	1,118	1,088	1,088	1,052	1,052
	NM Taxable Gas Volumes (%YOY growth)	1.0%	0.9%	-0.5%	-2.6%	-2.6%	-2.8%	-2.8%	-2.7%	-2.7%	-3.3%	-3.3%

LFC, TRD Notes

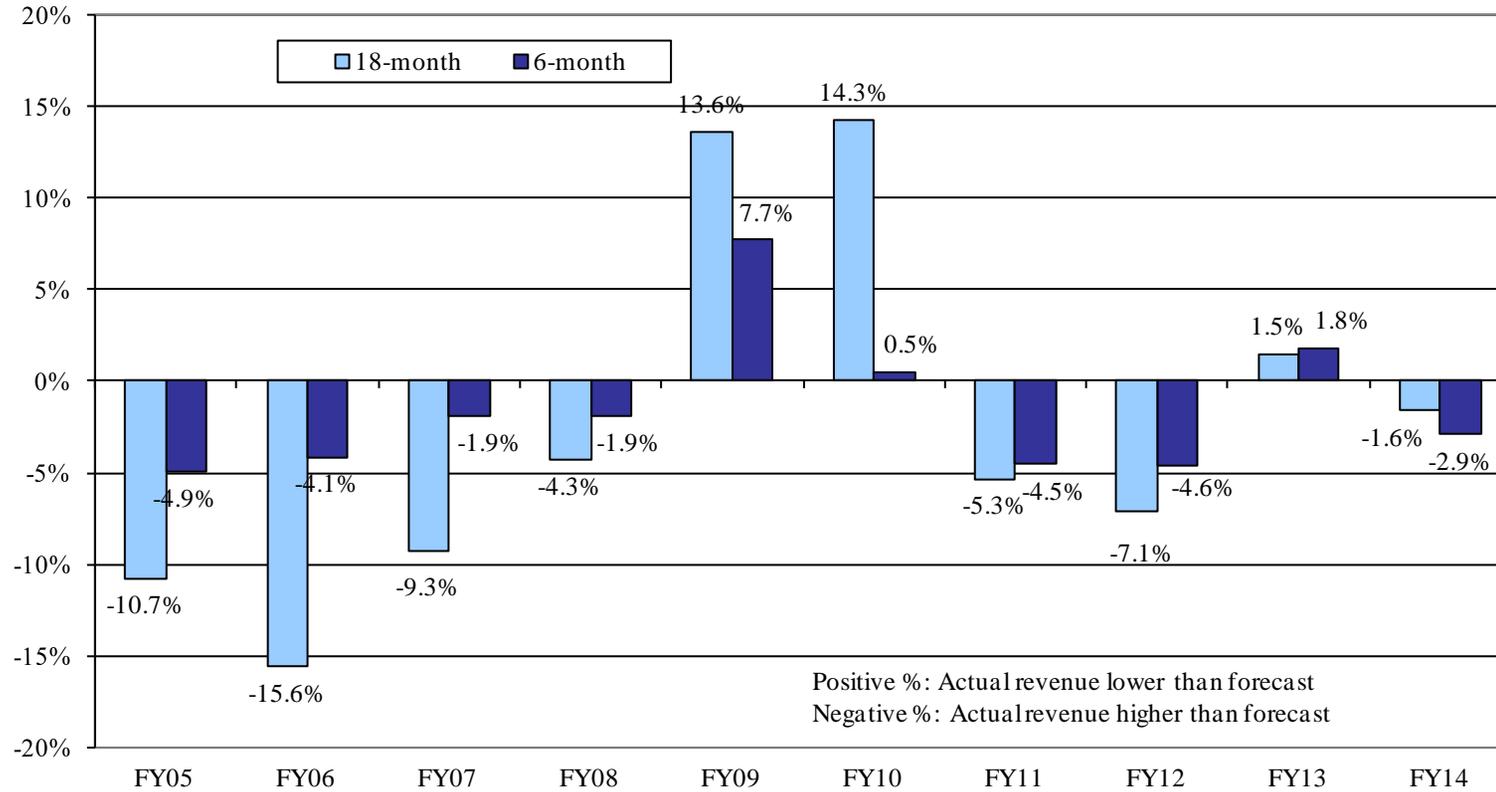
* Real GDP is BEA chained 2009 dollars, billions, annual rate
 ** CPI is all urban, BLS 1982-84=1.00 base
 ***Nominal Personal Income growth rates are for the calendar year in which each fiscal year begins
 Sources: BBER - January 2015 FOR-UNM baseline. Global Insight - January 2015 baseline.

DFA Notes

****The gas prices are estimated using a formula of NYMEX, EIA, and Moody's (January) future prices as well as a liquid premium based on oil price forecast
 Sources: Moody's Analytics, January baseline forecast for national and New Mexico data.

Attachment 4

**Consensus Revenue Estimate
Recurring Revenue Estimating Difference/Error**



Source: LFC files