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ISSUES FOR HEARING

August 2016 Consensus Revenue Estimate

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Summary.

- The Consensus Revenue Estimating Group (CREG), comprised of the Legislative Finance Committee (LFC), Department of Finance and Administration (DFA), Taxation and Revenue Department (TRD), and Department of Transportation (DOT), reached consensus on the revenue estimates presented in this brief.
- Preliminary FY16 recurring revenue is $5.7 billion, $348.1 million less than the January 2016 consensus revenue estimate and $223.1 million less than the February guidance presented by LFC and DFA. Table 1 presents a reconciliation of recurring revenues through the revenue estimating cycle.
- Attachment 2 (page 15) shows general fund revenue revisions from January 2016, adjusted for 2016 legislation, to August 2016. Compared with the January 2016 forecast, the FY17 recurring revenue estimate was revised downward by $556.2 million to $5.7 billion, and the FY18 revenue estimate was revised downward by $624.6 million to $6 billion.
- Attachment 4 (page 18) shows the general fund financial summary. Preliminary FY16 ending reserve balances are $130.4 million, or 2.1 percent of recurring appropriations. Projected FY17 ending reserve balances are -$325.8 million, or -5.2 percent of recurring appropriations.
- The "New Money" in FY18, defined as FY18 projected recurring revenue less FY17 recurring appropriations, is negative $210.9 million, or 3.4 percent below FY17 appropriations.
- FY16 presented a very challenging year as market pricing for oil and gas commodities collapsed contributing strongly to a weakened economic environment in the state. Gross receipts, compensating tax, corporate income tax and severance tax revenues all declined significantly as various other sectors grew at a very slow pace. The year presented few upside risks as revenues fell substantially from those estimated throughout the process, as shown in Table 1.

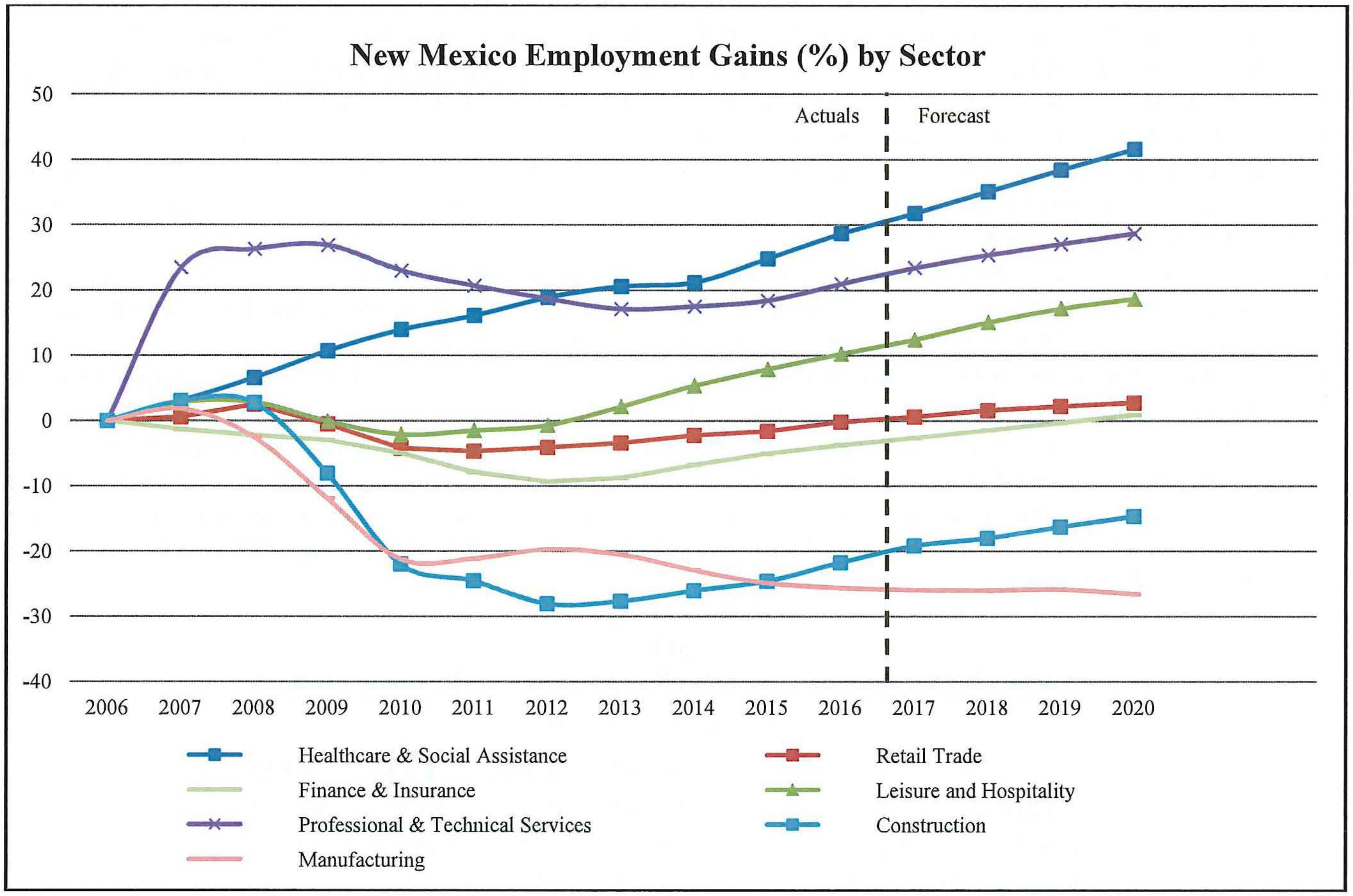
Table 1
August 2016 Consensus General Fund Recurring Revenue Outlook
(in millions of dollars)

	FY16	FY17	FY18	FY19
August 2015 Consensus	$6,248	$6,528	$6,833	$7,128
Dec/Jan 2016 Adjustments	-$228	-$263	-$191	-$176
February 2016 Guidance	-$125	-$125		
August 2016 Adjustments	-$223	-$431	-$625	-$731
August 2016 Consensus	$5,672	$5,708	$6,017	$6,221
Annual amount change	-$523	$36	$309	$204
Annual percent change	-8.4%	0.6%	5.4%	3.4%

The US and NM Economic Forecast. The consensus revenue estimating group uses two different forecasting services in developing the economic assumptions on which the forecast is based. LFC, TRD, and DOT rely on New Mexico forecasts produced by UNM's Bureau of Business and Economic Research (BBER). BBER, in turn, has relied on a national forecast produced by IHS Global Insight. DFA utilizes Moody's Analytics for its national and state forecasts. Selected economic indicators from these forecasts are presented in Attachment 1 (page 14).

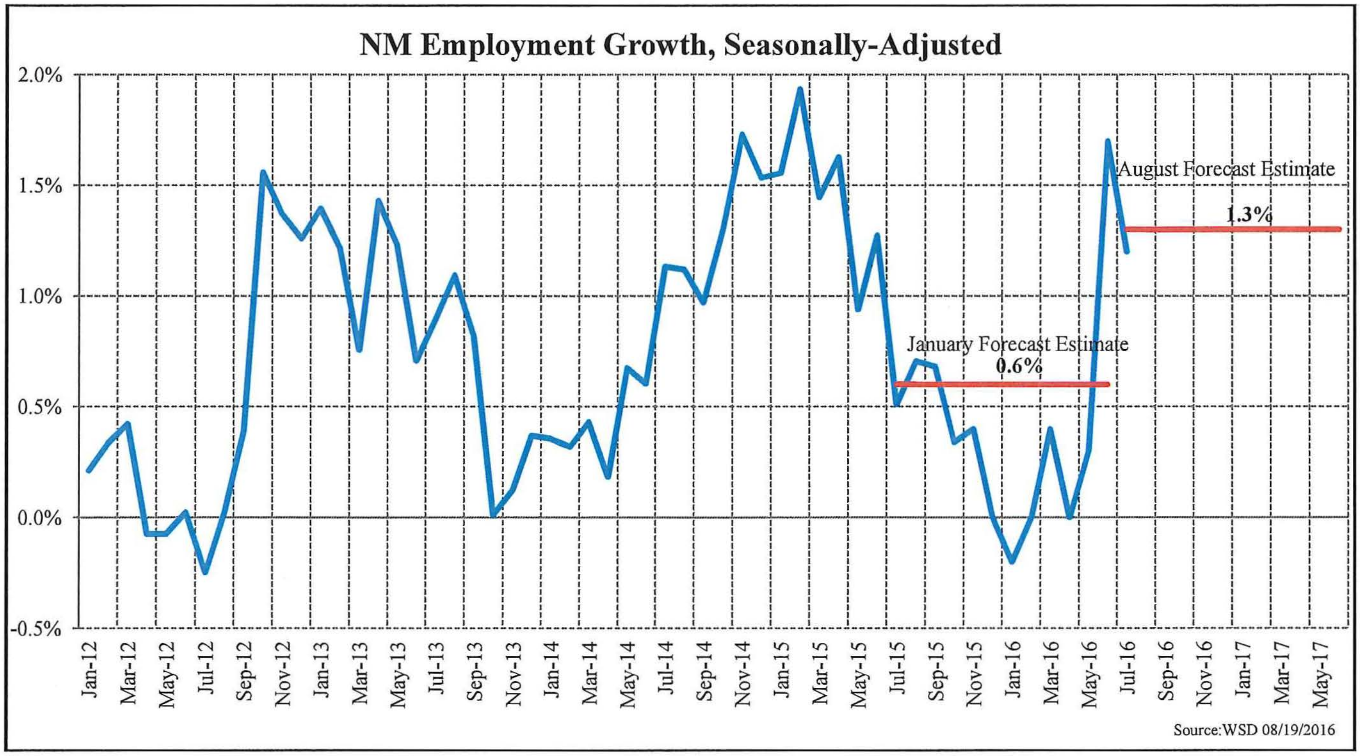
Employment in New Mexico has continued to grow at a depressed pace. The Workforce Solutions Department provided the Monthly Employment New Release on August 19th, stating employment grew 1.2 percent or 9,600 jobs compared to the previous year. Small increases in employment in Albuquerque, Santa Fe and Las Cruces metro areas offset some losses in the rest of the state. The sectors reporting strength include healthcare and social assistance, professional and technical services, and leisure and hospitality. Healthcare, funded by the Medicaid expansion, grew broadly in New Mexico, creating medical assistant and home healthcare support positions. The oil and gas industry continues to lose jobs, contracting by 26 percent over the year as petroleum companies pull back drilling operations in the Permian and San Juan basins.

BBER projects the modest job growth will peak in 2018 and gradually slow in later years, with most job gains concentrated in the Albuquerque metro area. The projections indicate continued job losses in 2016 in non-metro areas of the state will overwhelm any job gains in the Santa Fe and Las Cruces metros, but growth will begin to increase statewide in 2017. BBER also reports the healthcare and leisure and hospitality industries will continue to be the dominant drivers of job growth in the near term.



Personal income growth has become depressed in the weak labor market. Average hourly earnings have stagnated. June 2016 average hourly earnings were $20.32, nearly the same from a year ago at $20.21. The flat movement in earnings largely reflects higher wage jobs in the oil and gas industry being replaced with lower wage jobs, including those in the healthcare and leisure and hospitality industries. Any increase was overwhelmed by inflation, despite inflation being very low at 0.7 percent, leading to lower net spending power for New Mexicans by the end of FY16.

The unemployment rate in New Mexico hovers near 6.2 percent while the U.S. reports 4.9 percent nationally.



New Mexico's real gross state product (GSP) declined during FY16, with BBER estimating a drop of -1.1 percent year-over-year and Moody's estimating a drop of -0.6 percent. A decrease in GSP makes sense in light of the decline in oil prices and relatively weak growth in other economic sectors.

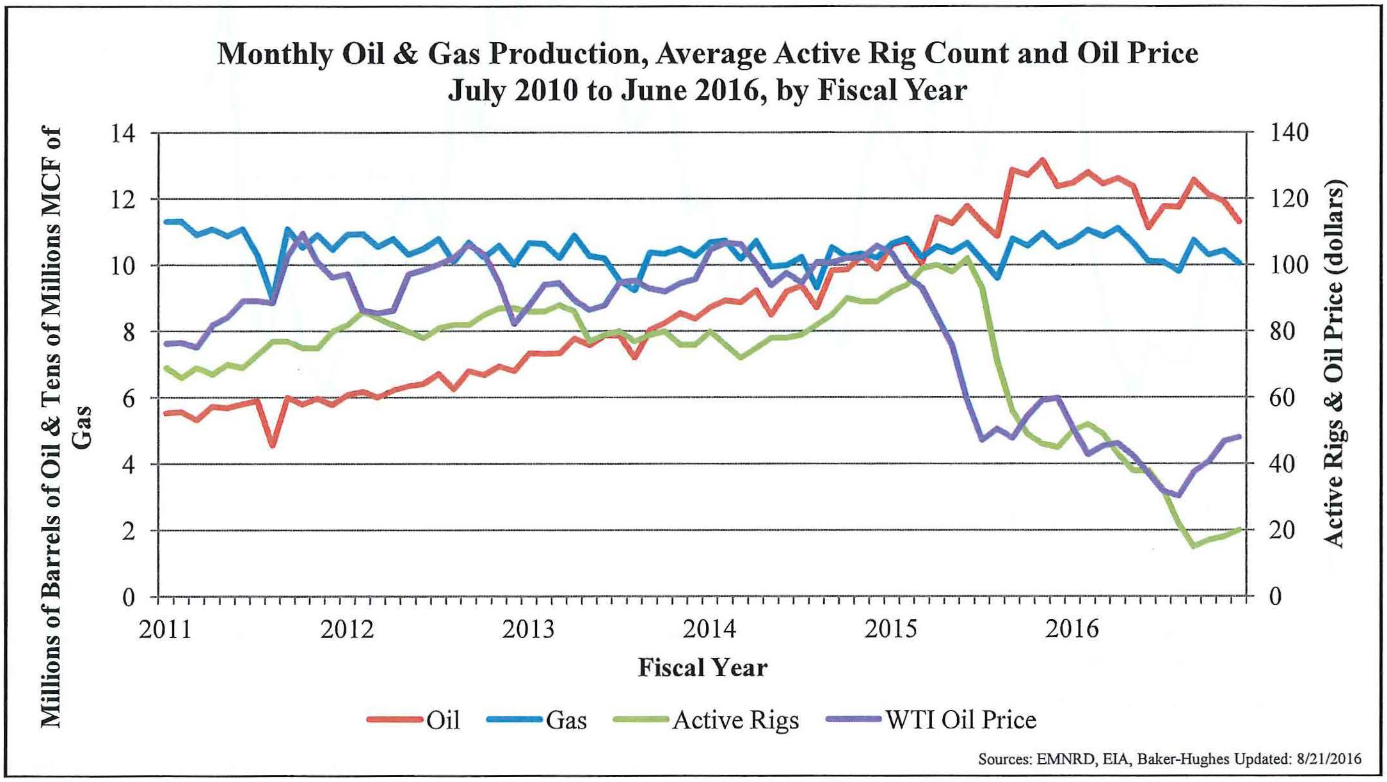
Oil & Gas. The oil and gas sector remains an area depressed by the severe collapse in commodity prices. Price declines which began in 2014 continue into 2016. Spot prices for WTI fell from $107/bbl in June 2014 to $26/bbl in February 2016, landing at $47/bbl in mid-August 2016. New Mexico prices assume a differential from WTI prices of approximately $4.50/bbl. CREG estimates the following prices and volumes for oil and natural gas production in FY17-FY21:

FY	2013	2014	2015	2016	*2017*	*2018*	*2019*	*2020*	*2021*
	Actual	Actual	Actual	Prelim.	*Forecast*	*Forecast*	*Forecast*	*Forecast*	*Forecast*
Oil Price ($/bbl)	85.81	95.75	61.72	37.75	45.00	48.00	50.00	53.00	56.00
Oil Volume (MMbbls)	94	110	137	146	140	140	140	140	140
Natural Gas Price ($/mcf)	4.37	5.15	3.80	2.40	3.00	3.30	3.40	3.50	3.50
Natural Gas Volume (bcf)	1173	1170	1174	1160	1120	1080	1040	1000	965

Drilling activity in New Mexico has followed the precipitous decline in oil prices. According to the New Mexico Oil Conservation Division, over the last year active drilling rig counts have fallen from a high of 102 rigs in December 2014 to 13 rigs in March 2016 and leveling off at 30 in August 2016. Oil producers have taken the period of low oil prices as a time for streamlining activities, reallocating resources and preparing efficiencies for future drilling activities once oil prices rebound. Many industry analysts target $55-$60/bbl as the price range needed by many companies to resume drilling activities within the Permian Basin. The U.S. oil supply is awash with excess supply as demand has not kept pace. The increased production levels from OPEC associated members, Russia, Iran and Nigeria have contributed to the oversupply as well.

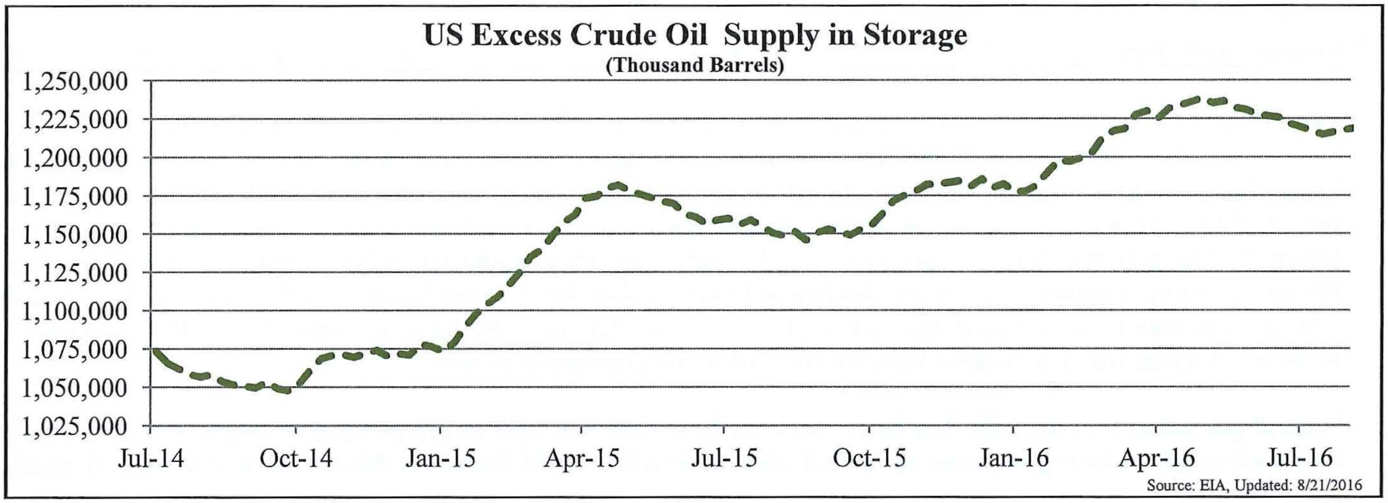
Natural gas activity in the state has been challenged over the last year as prices have remained low and supply levels elevated. Natural gas prices have fluctuated from a low of $1.64/mcf in March 2016 to a high of nearly

$3.00/mcf in July 2016. The decline in drilling for shale gas and the increase in associated gas from oil drilling operations combined with low pricing have led to a broad decline in the industry over the last couple of years. Natural gas prices in New Mexico are tracking directly with Henry Hub dry gas prices as low prices are paid for natural gas liquids. The NGL premium has evaporated to zero.



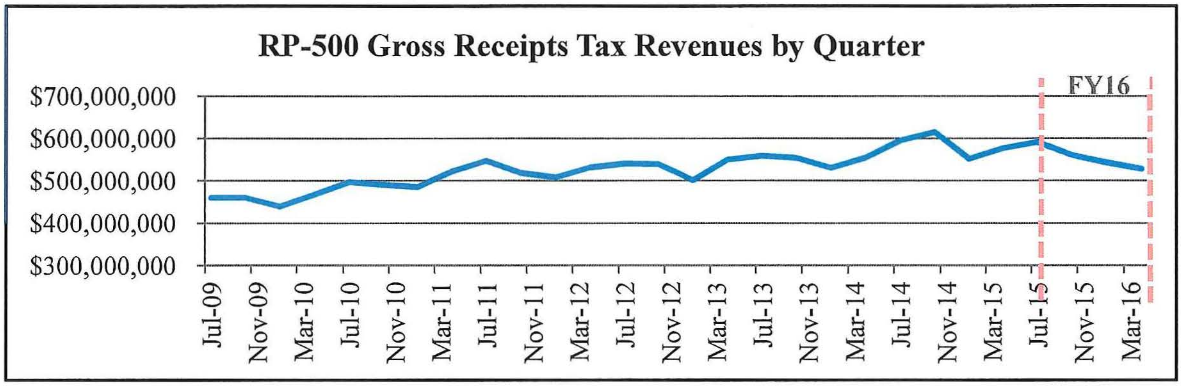
Oil production in New Mexico has continued at elevated levels. As enhanced production methods have more than doubled oil production levels since 2009, the forecast anticipates a leveling of activity in the next year. Storage capacity for supply has reached record levels creating a bottleneck for petroleum products. Demand activity will be closely watched as supply levels are worked through. As supply levels remain elevated, prices are pushed downward, leading many producers to remain cautious in their drilling and production activities.

As a rule of thumb, a $1 change in the price of oil, sustained over the course of a full fiscal year, leads to a $9.5 million change in general fund revenue. For natural gas, a $0.10/mcf change in price over a fiscal year leads to $6.5 million change in general fund revenue.



Revenue Outlook.

- *Gross Receipts Tax.* The decline in oil prices and resulting fall in industry employment levels significantly impacted gross receipts taxes (GRT), with revenues down $138 million, or 6.6 percent, compared with FY15. The significant decline in active drilling rigs in the Permian Basin led to a 44 percent decline in mining sector gross receipts, which pulled down overall GRT revenues. The decline is particularly notable given the initial strength in revenues at the start of FY16 – the first quarter of the year was the third highest in the state's history for GRT revenues. The revenue estimate projects revenues will decrease slightly in FY17 by $12.7 million, or -0.6 percent. Economic growth will create a rebound in revenues, but projections indicate it will not be a fast enough rebound to reach the levels seen at the beginning of FY16. Additionally, tax expenditures are creating a significant drag on growth with unintended recipients claiming credits and deductions, most notably the high-wage jobs tax credit and the health care practitioner tax deduction. The estimates project 7.5 percent growth for FY18, although 2.1 percent is due to one-time tax credit impacts – the result is 5.4 percent recurring growth, which is still strong but coming off a low base after two years of declines.



Matched taxable gross receipts (MTGR), which reconciles tax returns against payments to account for total revenues generated by business activity within a given month, is the best indicator of underlying economic activity related to GRT. The oil, gas, and mining industry led the decline in MTGR in FY16 with a drop of -44.2 percent year-over-year, followed by transportation and warehousing at -27.8 percent and manufacturing at -27.1 percent.

Matched Taxable Gross Receipts by Industry
July 2015 through June 2016

Industry	Matched Taxable Gross Receipts	Year-over-Year Change
Mining, Quarrying, and Oil and Gas Extraction	$2,287,368,797	-44.2%
Utilities	$2,255,285,013	-2.2%
Construction	$6,337,815,351	1.8%
Manufacturing	$1,626,196,773	-27.1%
Wholesale Trade	$2,058,350,233	-18.4%
Retail Trade	$12,003,425,439	-4.6%
Transportation and Warehousing	$638,731,208	-27.8%
Information	$2,529,114,738	-1.2%
Real Estate and Rental and Leasing	$1,241,872,695	0.7%
Professional, Scientific, and Technical Services	$6,416,457,733	9.7%
Administrative/Support & Waste Management/Remediation	$1,286,834,402	17.9%
Health Care and Social Assistance	$2,344,808,801	-7.6%
Leisure and Hospitality Services	$4,343,078,578	4.1%
Other Industries	$5,507,501,088	n/a
Total	**$50,876,840,849**	**-6.6%**

Through May, MTGR from the health care industry were growing at about 4.8 percent year-over-year, but by June, a sudden influx of claims for the health care practitioner tax deduction (including amended returns going back three years) caused the entire annual revenue growth to swing into negative territory. Despite leading the job growth in New Mexico, due to this deduction, the health care industry is now the fifth fastest shrinking industry for MTGR at -7.6 percent.

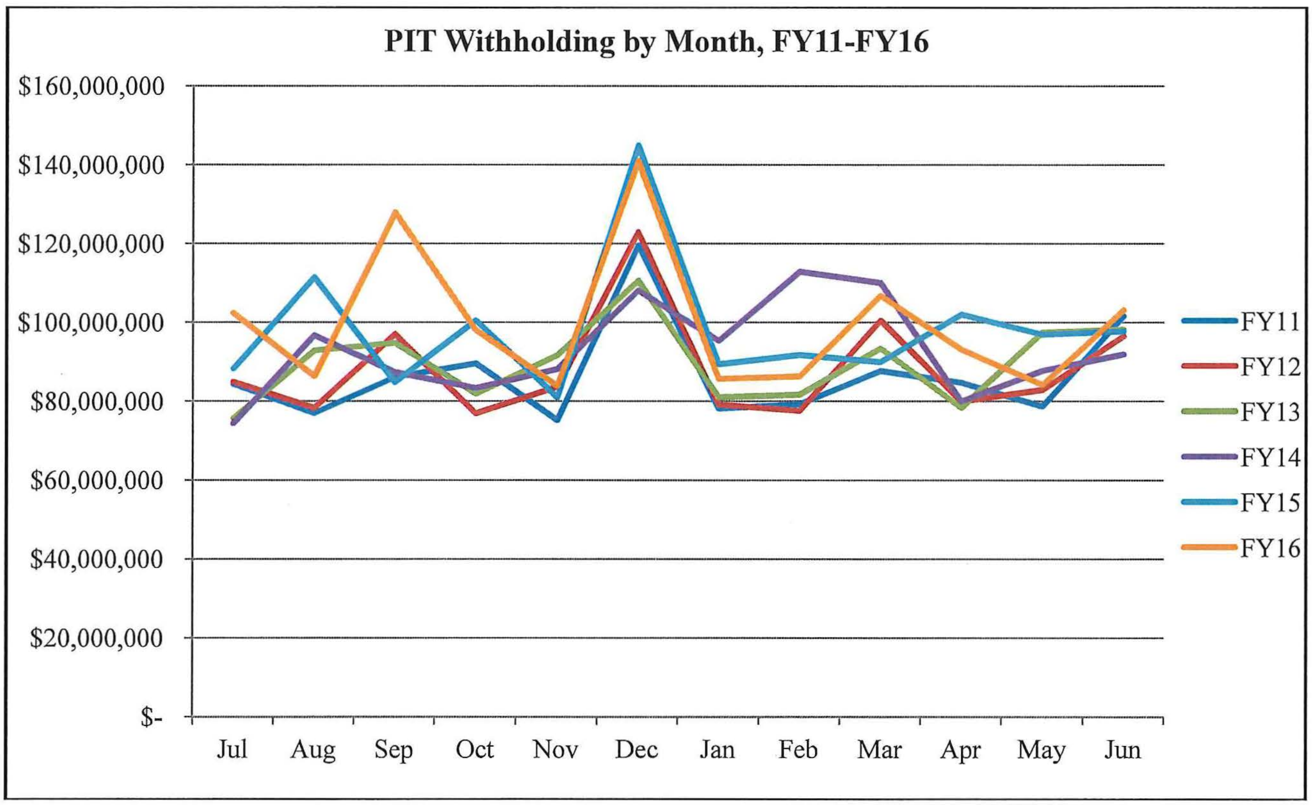
Matched Taxable Gross Receipts by County
July 2015 through June 2016

Jurisdiction	Matched Taxable Gross Receipts	Year-over-Year Change
Bernalillo County	$16,736,471,545	2.4%
Catron County	$48,076,247	44.1%
Chaves County	$1,045,890,853	-14.1%
Cibola County	$357,308,235	-1.1%
Colfax County	$269,513,268	-5.8%
Curry County	$994,088,218	5.6%
De Baca County	$37,034,372	91.4%
Dona Ana County	$3,328,695,522	2.6%
Eddy County	$3,139,482,174	-26.3%
Grant County	$446,021,619	11.8%
Guadalupe County	$86,835,196	-17.8%
Harding County	$17,801,092	-60.2%
Hidalgo County	$74,276,655	23.5%
Lea County	$3,588,903,573	-39.8%
Lincoln County	$494,365,458	1.9%
Los Alamos	$1,313,637,712	16.2%
Luna County	$295,972,681	-2.7%
McKinley County	$1,139,293,780	-2.1%
Mora County	$31,193,520	-1.5%
Otero County	$972,351,138	16.9%
Quay County	$133,088,401	1.5%
Rio Arriba County	$451,988,461	-1.8%
Roosevelt County	$304,916,742	-1.3%
San Juan County	$3,358,225,582	-7.2%
San Miguel County	$322,905,746	-4.9%
Sandoval County	$1,452,858,871	-4.1%
Santa Fe County	$3,717,657,041	1.8%
Sierra County	$190,546,464	4.9%
Socorro County	$190,020,522	-9.4%
Taos County	$756,067,108	14.8%
Torrance County	$178,847,282	-3.4%
Union County	$101,699,946	1.1%
Valencia County	$735,281,105	-0.4%

Harding, Lea, and Eddy counties led the year-over-year declines in matched taxable gross receipts at -60.2 percent, -39.8 percent, and -26.3 percent, respectively. Three of the four counties with the highest gross receipts levels saw increases, preventing the downturn in revenues from becoming more severe. Bernalillo County grew by 2.4 percent, Dona Ana County grew 2.6 percent, and Santa Fe County grew 1.8 percent.

- *Compensating Tax.*
  Revenues for compensating tax were significantly lower in FY16 totaling $46.7 million, or -35 percent below FY15. The drop is attributed to the slowdown in oil field operations during the year due to the commodities price collapse as well as a pullback in activity in the manufacturing and transportation sectors. As the petroleum industry begins to stabilize over the next two years, compensating tax revenue is forecast to follow at a similar level.

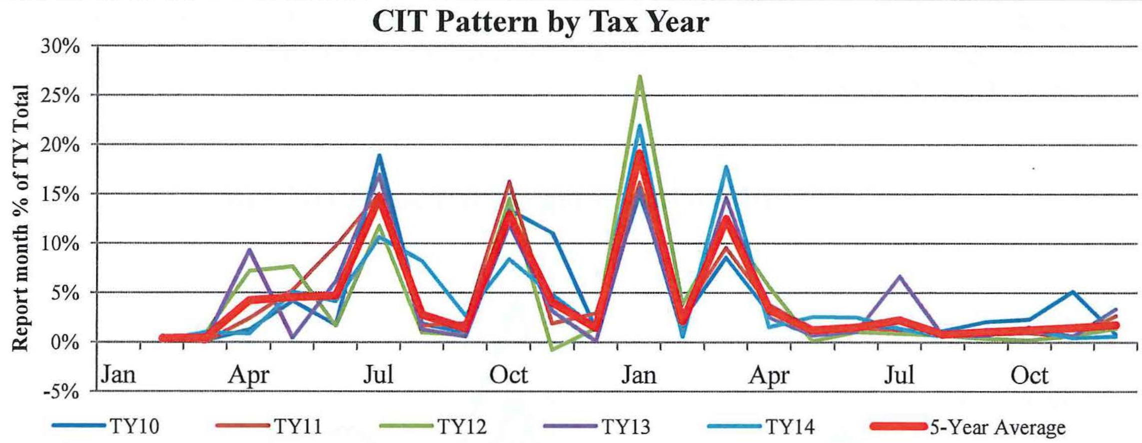
- *Personal Income Tax.* During the first half of FY16, it appeared personal income tax (PIT) revenues would surpass FY15 levels, but the fiscal year ended with revenues down an estimated $22.1 million, or -1.7 percent, compared with FY15 despite reported statewide personal income growth of 3.6 percent. The initial, optimistic revenue outlook was largely due to an unprecedented spike in PIT withholding revenues in September 2015. In a typical year, the only large monthly spike that occurs is in December because of strong seasonal hiring for the holiday shopping season. However, the September spike in 2015 was not only the largest non-December spike ever, it was larger than all but two of the December spikes. There is no report or detailed data available to explain why revenues increased substantially in September, but it appears to be an outlier that might not occur again in FY17. The consensus revenue group estimates modest growth of 1.6 percent in FY17 and 1.9 percent in FY18 and then increasing to 2.8 percent to 3.5 percent growth in later years.



- *Corporate Income Tax.* Corporate income tax revenues are highly volatile and one of the most difficult revenue sources to forecast. FY16 revenues fell to about half of the FY15 level in large part due to economic conditions but also due to the effects of House Bill 641 (Laws 2013, Ch. 160), which made several changes to the corporate income tax code. The most notable changes, resulting in the largest fiscal impacts, were a phased-in rate reduction and single sales factor apportionment, allowing some companies, including manufacturing operations, to claim less revenue in New Mexico. These estimated impacts were used in projecting future CIT revenues, which substantially contributes to the continued declines of -16.7 percent in FY17 and -12 percent in FY18.

Another contributing factor to suppressed revenues is the assumption of net operating losses that may be carried forward from tax years 2015 and 2016 into later years. Furthermore, it is apparent from the dramatic decrease in CIT revenues coinciding with the fall in oil prices and oil drilling activity, New Mexico's corporate income tax system is heavily dependent on the oil and gas sector. With expectations of a slow to moderate recovery in oil prices, CIT is not projected to quickly regain the strength it had when oil prices were at record or near-record highs.

An additional factor contributing to future depressed CIT revenues is due to lags in revenues compared with the underlying economic activity. The graph below shows historical patterns for how CIT revenues for a given tax year arrive over a two-year period. CIT payments begin almost immediately within the timeframe, but it takes four months after the tax year ends for most of the revenues to materialize, and some adjustments (typically positive overall) continue to be made through the end of the second calendar year.



Source: LFC Files

- *Interest Earnings*. Half of economists surveyed by *The Wall Street Journal* expect the Federal Reserve to raise short-term interest rates by the end of 2016, but many report the Federal Reserve is likely to keep interest rates at low rates for at least the next couple of years, with some economists projecting a low interest rate environment for many years to come. Earnings on state balances held at the State Treasurer's Office are directly related to the yield on short-term, fixed-income instruments, but the agency is also moving balances from longer-term investments to liquidity accounts to ensure solvency, unavoidably reducing the potential earnings on these balances. General fund balances fell by nearly one-third year-over-year by the end of FY16. On July 1, the distribution rate for the Severance Tax Permanent Fund was lowered from 5.5 percent to 5 percent while the Land Grant Permanent Fund holds steady at 4.7 percent.

- *Insurance Premium Tax*. The enrollment take-up rate of Medicaid and the ACA exchange remains uncertain. The newness of the program and a recent change in how the exchange population is measured means year-over-year changes are unknown and future impacts are difficult to estimate accurately. The rate at which members of the New Mexico Medical Insurance Pool (NMMIP) transition to either Medicaid or the exchange has been high in the last two years, but the pool's board is taking a lengthy approach to transitioning remaining members out of the pool. NMMIP assessments to insurers affect general fund revenue through the NMMIP credit, and revenue estimators worked with pool administrators and staff at the Office of Superintendent of Insurance (OSI) to more accurately project this impact over the forecast period. Insurance revenues are estimated to increase substantially in FY17 in large part due to the recent drop in NMMIP membership. Additionally, a third-party auditor is working with the State Auditor's Office to finalize a report assessing OSI's premium tax revenue collections, and the results may provide policy or legislative solutions to further increase revenues from this rapidly expanding industry.

- *Federal Mineral Leasing.*
  The recent shift to drilling on federal lands has grown substantially over the last two years. Oil drilling companies in attempts to shore up balance sheets and allocate resources to more valuable assets, have pursued federal mineral leases. The application of improved technology to key drilling sites has led to a steady level of production via fewer rigs than observed historically. Production levels remain at record highs for the third year in a row contributing to strong supply levels.

- *Tobacco Master Settlement Agreement (MSA).*
  The New Mexico Attorney General's Office confirmed receipt of the annual payment for the Tobacco Litigation MSA on April 18th in the amount of $39.6 million. Early payment calculations by PriceWaterhouse ranged between $40 and $44 million. The final amount reflected the application of the inflation rate plus CPI to the overall fund.

  MSA Revenue Historical Summary:

	FY12	FY13	FY14	FY15	FY16
	Actual	Actual	Actual	Actual	Actual
Net Revenue	$39.3	$39.0	$21.1	$35.0	$39.6

  The Tobacco Settlement Permanent Fund investment performance for the fiscal-year-to-date through June 30th is up 1.46 percent. The performance by the investment fund is attributed to exceptional market volatility during the fiscal year. The current balance at the end of July 2016 was approximately $225 million.

Revenue Risks.

- *Revenue and Reporting Risk.* Issues with data availability and reliability contribute to revenue risk. For example, as noted above, PIT revenues spiked in September 2015; however, TRD was unable to provide a detailed analysis showing what types of taxpayers contributed to the one-month increase, which was about $30 million higher than any previous September. Similarly, CIT revenues were -$29 million in February 2016, unexplained by TRD. Without an explanation for the PIT anomaly, there is a risk this amount could be absent in FY17 PIT revenues, switching the revenue source from a gain of 1.6 percent in FY17 to a loss of 0.7 percent.

  Furthermore, there must be a causal relationship between personal income levels and PIT revenues, and the long-term historical trends align to a reasonable degree. While the former is not a perfect predictor of the latter in the short term, there is a great discrepancy between the 3.6 percent personal income growth for FY16 reported by both BBER and Moody's and the -1.7 percent decline in PIT revenues for the year. Again, there is no reporting available to explain this substantial discrepancy, and without analysis from TRD to show why one could be strongly positive and the other negative, there is a chance this discrepancy could persist into FY17 and beyond, leading to decreasing PIT revenues despite growing personal income levels.

  As noted above, the projection for GRT revenues in FY18 is ostensibly an increase of 7.5 percent from FY17 but after accounting for one-time revenue impacts the increase drops to 5.4 percent. While it is certainly possible to have this level of growth following two years of declines, it is possible the upswing in revenues will occur later or at a slower pace. Because GRT is the largest revenue source for the state, this poses a downside risk to revenues for FY18.

- *Oil Price and Volume Risk.*
  As observed over the course of the last two years, majority of the state's revenues are generated from the profits of the petroleum industry. Deep volatility in market pricing, elevated international supply and lower demand levels in tandem with the application of advanced technology in drilling and extraction methods have strongly influenced the expected flows of revenues. As the price of oil fell below $50, producers began to quickly pull back operations which were narrowing the profit margins. This drop in prices led to broad layoffs in the industry, sales of oilfield equipment, foreclosures and bankruptcies of oil companies. Subsequently state tax revenues reflected this economic shift in the petroleum industry. As prices stabilize and companies adjust their activities to implement better efficiencies and technologies, production levels are expected to even out for a period of time. If prices fall to $30 and $40/bbl, production may pull back.

- *Recession Risk.* Recessions do not follow a schedule, so an assertion the country is due for another recession would be erroneous; however, as time passes, the opportunity for conditions to arise that could cause a recession increase. The largest recent risks to the economy included potential shocks caused by the fallout of the United Kingdom "Brexit" vote to leave the European Union and the slowing Chinese economy, but economists now generally agree these impacts are not substantial enough to cause a U.S. recession. However, other economists point to indicators such as the yield curve, the spread between short-term and long-term U.S. Treasury yields, as a sign of a looming recession based on historical precedence. Although the likelihood of another recession occurring within the forecast period appears high given historical cycles, with no signs of an overheating economy or substantial impending shocks, the macroeconomic forecasts used by the economists do not project dates within the forecast period in which a recession would likely occur.

- *Federal Laboratories.* The federal government is accepting and reviewing bids from a variety of entities to take over management of Sandia National Laboratories. Currently, the for-profit management status of the laboratory allows the state to collect gross receipts taxes that would be lost if the management contract was given to a governmental or non-profit organization. This is also a potential risk for Los Alamos National Laboratory when its current management contract is put out to bid sometime after 2017. Both national laboratories and the National Nuclear Safety Administration, the federal oversight agency, were unable to provide information that would allow a detailed impact analysis, but the impact of a switch at Sandia has been estimated at up to a $100 million annual loss in state revenues, according to federal legislative staff.

- *Tax Expenditures and Tax Law Changes.* Significant potential exists for unforeseen increases in the cost of tax expenditures to impact state revenues. In recent years, several tax expenditures for economic development have had a larger fiscal impact than initially estimated, contributing to revenue estimating error. In some cases, the revenue impacts have significantly exceeded initial estimates, requiring changes in statute to curb the impact, such as the changes made to the high-wage jobs tax credit. However, multiple loopholes still exist in this credit, allowing unintended recipients to take the credit and reduce state revenues. One year ago, this credit was estimated to have a $15 million annual impact, but the cost soared to $58 million in FY16 and TRD estimates it will reduce revenues in FY17 by $36 million. However, as the oil industry begins to recover and hire again, the companies will be able to claim the credit for each new employee, which could drive up costs significantly again. Anecdotal reports indicate the oil and gas industry was not an intended recipient for the credit, and simply changing an "or" to an "and" in the statute would require a company to be eligible for the Job Training Incentive Program, eliminating the credit's availability to this industry and reducing the cost of the credit by about half.

  The cost of the health care practitioner deduction and related hold harmless payments is projected to increase significantly in FY17 due to a decision by the Administrative Hearing Office in May 2016 to allow for-profit hospitals and facilities to qualify for the deduction, which was only claimed by people filing as individual practitioners until now. The hearing officer's decision resulted in a flurry of new and amended claims with an estimated general fund cost of at least $13 million annually and a $39 million nonrecurring cost in FY17. These estimates are considered conservative and could grow beyond these levels without legislation to clarify the deduction should only be taken by individual practitioners.

To illustrate the cost of tax expenditures and tax law changes, the table below highlights LFC estimates of revenue impacts for the corporate income tax rate and income apportioning changes enacted in 2013, as well as several tax expenditures. Some of these, such as the CIT adjustments and the high-wage jobs tax credit, are difficult to estimate accurately due to revenue volatility and limited data and should be viewed as ballpark figures. The film production tax credit is well-defined due to the annual cap, which is a possible solution to other runaway tax expenditures. A cap for volatile credits would allow for far more precise revenue estimates and prevent significantly greater costs than intended.

Selected Tax Law Changes / Tax Expenditures	FY16	FY17	FY18	FY19
Rate Reduction and Single-Sales Apportioning (CIT)	-40.2	-56.3	-81.0	-90.4
High-Wage Jobs Tax Credit (GRT)	-58.2	-36.0	-48.0	-72.0
Health Care Practitioner Deduction/Hold Harmless (GRT)	-67.6	-127.0	-89.8	-91.5
Manufacturing Deduction (GRT)	-20.0	-27.2	-37.0	-37.0
Construction Deduction (GRT)	-15.6	-13.0	-13.7	-13.7
Film Production Tax Credit (CIT)	-50.0	-50.0	-50.0	-50.0
Total:	**-$251.6**	**-$309.5**	**-$319.5**	**-$354.6**

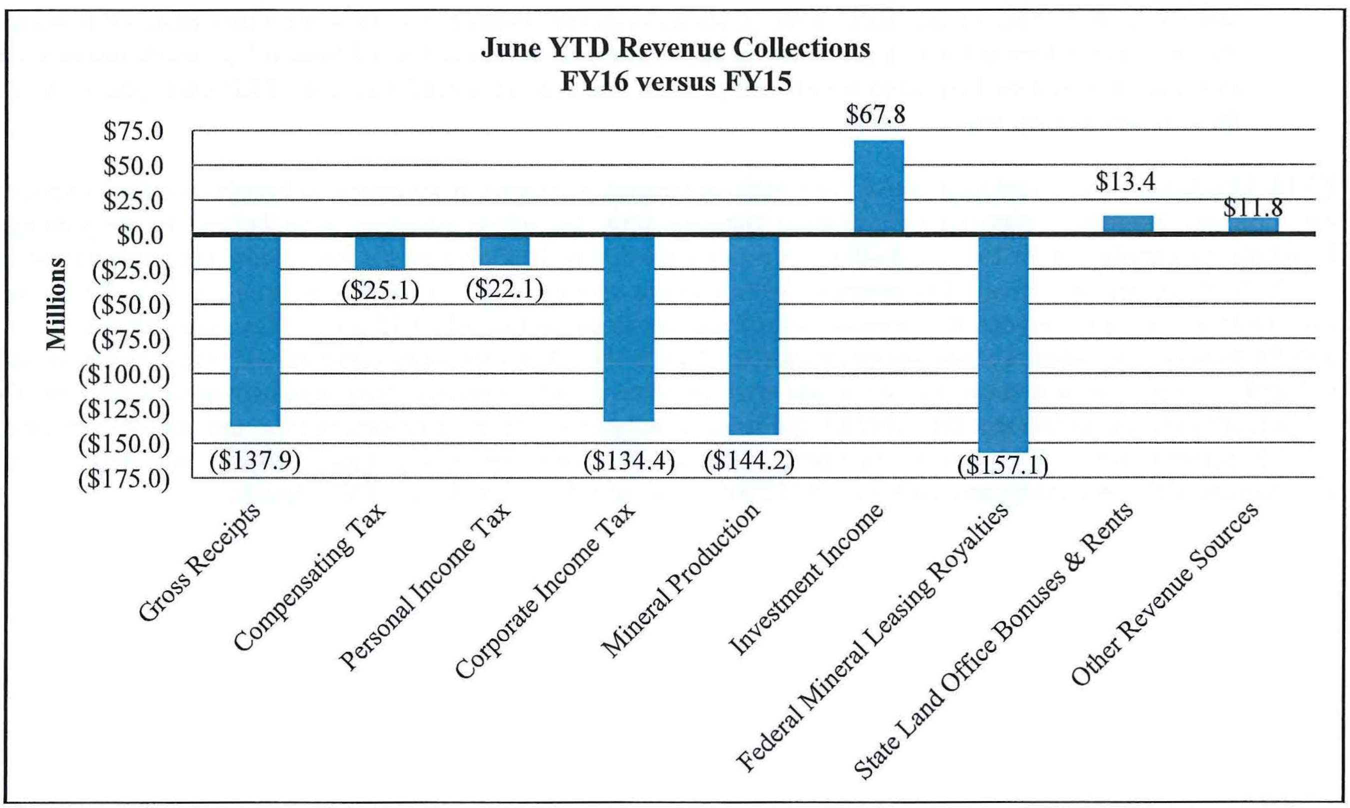
- *Refunds and Data-Mining.* There are anecdotal reports that accountants and tax attorneys are attempting to increase client revenues by data-mining the tax code to search for any tax loopholes or tax expenditures that may be applicable. TRD reports this is a growing issue and is partially responsible for refunds and other revenue losses in FY16. This activity, made possible in part due to the complexity of the tax code and the high number of tax deductions, poses an ongoing revenue risk. In some years past, TRD would regularly come forward with a tax clean-up bill to close these loopholes and head off potential issues such as these. It would be helpful to restart that process and receive a draft bill from TRD each year to solve these issues as they arise.

FY16 Tracking. The fiscal year started out with significant weakness in revenues, although monthly revenues can fluctuate enough it was not immediately apparent how far actual revenues were below the projections. However, by October of FY16, year-to-date revenues were down -10.2 percent compared with the same period in FY15. As discussed previously, PIT revenues were a bright spot early on -- remarkably strong early in FY16 and even halfway through the year, this revenue source was projected to exceed FY15 levels. This strength dissipated, and the weakness in other revenue sources persisted. By the time April revenues came in, with the majority of the PIT and CIT revenues accounted for, it was apparent the state could not recover from a year-over-year decline of -9.6 percent in revenues to meet the February guidance of a 2 percent revenue reduction from the January estimate, or -5.5 percent from FY15 levels. Including estimates for some remaining June revenues and end-of-year adjustments, FY16 recurring revenues were $522.6 million, or 8.4 percent, below FY15 levels.

General Fund Revenue Accruals: FY16 vs. FY15

Revenue Category	June Revenue	June Revenue	Fiscal Year-to-Date Through June		Year-over-Year Amount Change	Year-over-Year Growth	Projected Full-Year Growth: February Guidance
	FY15	FY16	FY15	FY16			
Gross Receipts	$ 179.0	$ 179.5	$2,095.2	$1,957.2	($137.9)	-6.6%	-2.7%
Compensating Tax	$ (7.0)	$ 4.8	$71.8	$46.7	($25.1)	-34.9%	-31.8%
Selective Sales *	$ 41.8	$ 41.9	$488.5	$527.3	$38.8	7.9%	3.7%
Personal Income Tax	$ 176.3	$ 156.5	$1,339.7	$1,317.6	($22.1)	-1.6%	4.9%
Corporate Income Tax	$ 26.5	$ 5.9	$254.5	$120.0	($134.4)	-52.8%	-22.2%
Oil & Gas Revenues *	$ 63.1	$ 58.9	$1,011.8	$719.8	($292.0)	-28.9%	-31.4%
License Fees	$ 3.1	$ 3.0	$55.9	$54.8	($1.1)	-1.9%	-2.5%
Investment Income	$ 57.0	$ 69.7	$702.5	$770.3	$67.8	9.6%	7.9%
Tribal Revenue Sharing	$ 16.9	$ 13.1	$67.2	$62.2	($5.0)	-7.4%	-4.3%
Miscellaneous Receipts	$ 21.6	$ 24.8	$56.2	$51.3	($4.8)	-8.6%	0.6%
Reversions	$ 44.4	$ 21.4	$51.5	$45.0	($6.5)	-12.7%	16.6%
Subtotal Recurring Revenue	**$ 622.9**	**$ 579.5**	**$6,194.7**	**$5,672.1**	**($522.6)**	**-8.4%**	**-4.9%**
Nonrecurring Revenue	$ (0.1)	$ 18.3	$41.2	$18.5	($22.7)	-55.1%	-86.7%
Total Revenue	**$ 622.8**	**$ 597.8**	**$6,235.9**	**$5,690.6**	**($545.3)**	**-8.7%**	**-5.5%**

*Includes May estimated adjustments for Oil and Gas School Tax and Oil Conservation Tax and June adjustments to multiple revenue categories.



General Fund Financial Summary. The summary shown on Attachment 4 illustrates the changes in revenue estimates from the January 2016 consensus forecast to February guidance presented by LFC and DFA to the August 2016 consensus forecast. Revenues in FY16 fell well below expenditures, resulting in a negative operating reserve balance (shown on the second page of the attachment) of -$131 million. Total FY16 ending balances were $130 million; however, that includes $219 million in the tobacco permanent fund, which cannot be used without legislative authorization.

Revenues are projected to fall far below expenditures again in FY17, and the projected operating reserve balance at the end of FY17 is -$591 million. The total projected FY17 ending balances are -$326 million, but again with no legislative authorization to use these funds. Section 6-4-9 (F) NMSA 1978 states, "The tobacco settlement permanent fund shall be considered a reserve fund of the state and, as a reserve fund, may be expended in the event that general fund balances, including all authorized revenues and transfers to the general fund and balances in the general fund operating reserve, the appropriation contingency fund and the tax stabilization reserve, will not meet the level of appropriations authorized from the general fund for a fiscal year. In that event, in order to avoid an unconstitutional deficit, the legislature may authorize a transfer from the tobacco settlement permanent fund to the general fund but only in an amount necessary to meet general fund appropriations."

General Fund Recurring Appropriation Outlook. Attachment 6 shows the recurring appropriation outlook for fiscal years 2016-2019 from the LFC Post-Session Review, updated for revenues but keeping in place the prior appropriation estimates.

Attachment 1

U.S. and New Mexico Economic Indicators

		FY16			FY17			FY18		FY19		FY20		FY21
		Jan 16 Forecast	Feb Guidance	Aug 16 Forecast	Jan 16 Forecast	Feb Guidance	Aug 16 Forecast	Jan 16 Forecast	Aug 16 Forecast	Jan 16 Forecast	Aug 16 Forecast	Jan 16 Forecast	Aug 16 Forecast	Aug 16 Forecast
	National Economic Indicators													
GI	US Real GDP Growth (annual avg. ,% YOY)*	2.3	0.9	2.0	3.1	1.3	2.2	2.7	2.5	2.6	2.3	2.6	2.4	2.3
Moody's	US Real GDP Growth (annual avg. ,% YOY)*	2.4		1.7	3.0		2.4	2.7	2.8	2.3	2.3	1.9	1.7	1.6
GI	US Inflation Rate (CPI-U, annual avg., % YOY)**	0.8	0.8	0.7	2.9	2.9	1.8	2.5	2.4	2.3	2.4	2.4	2.5	2.6
Moody's	US Inflation Rate (CPI-U, annual avg., % YOY)**	0.9		0.7	2.4		1.7	3.0	2.6	2.9	2.9	2.6	2.7	2.4
GI	Federal Funds Rate (%)	0.4	0.12	0.3	1.4	0.10	0.6	2.4	1.3	3.2	2.2	3.3	2.9	3.0
Moody's	Federal Funds Rate (%)	0.3		0.3	1.3		0.6	3.1	1.3	3.8	3.0	3.6	3.5	3.6
	New Mexico Labor Market and Income Data													
BBER	NM Non-Agricultural Employment Growth	0.6	0.6	0.2	1.1	0.4	0.9	1.4	1.3	1.5	1.3	1.3	1.3	1.1
Moody's	NM Non-Agricultural Employment Growth	0.9		0.4	2.2		1.7	1.8	1.9	1.6	1.5	0.9	0.9	0.3
BBER	NM Nominal Personal Income Growth (%)***	3.2	2.9	3.6	4.0	2.0	2.9	5.1	3.8	5.2	4.8	5.1	5.0	5.0
Moody's	NM Nominal Personal Income Growth (%)***	2.7		3.6	2.9		2.0	3.8	2.7	4.1	4.4	3.6	4.4	3.3
BBER	NM Total Wages & Salaries Growth (%)	2.6	2.3	1.8	3.7	2.1	2.9	4.3	4.1	4.7	4.2	4.6	4.1	4.2
Moody's	NM Total Wages & Salaries Growth (%)	2.3	2.3	1.8	3.4	3.1	2.9	3.8	4.2	4.6	4.8	3.9	3.9	2.8
BBER	NM Private Wages & Salaries Growth (%)	2.9	2.5	2.1	4.2	2.3	3.5	5.0	5.0	5.2	4.8	5.1	4.7	4.7
DFA	NM Private Wages & Salaries Growth (%)													
BBER	NM Real Gross State Product (% YOY)	1.8	1.7	-1.1	2.5	0.1	1.4	2.6	2.3	2.6	2.4	2.4	2.3	2.6
Moody's	NM Real Gross State Product (% YOY)	1.6		-0.6	2.5		1.5	2.0	2.3	2.0	1.9	1.9	1.6	1.7
CREG	NM Oil Price ($/barrel)	$37.00	$38.00	$37.75	$38.00	$37.00	$45.00	$45.00	$48.00	$59.00	$50.00	$60.00	$53.00	$56.00
BBER	Oil Volumes (million barrels)	155.9		145.6	154.6		137.5		139.1		145.1		152.7	160.2
CREG	NM Taxable Oil Volumes (million barrels)	150.0	147.0	146.0	155.0	132.0	140.0	158.0	140.0	160.0	140.0	161.0	140.0	140.0
	NM Taxable Oil Volumes (%YOY growth)	6.1%		3.3%	3.1%		-4.1%	1.9%	0.0%	1.3%	0.0%	0.6%	0.0%	0.0%
CREG	NM Gas Price ($ per thousand cubic feet)****	$2.55	$2.22	$2.40	$2.90	$2.80	$3.00	$3.20	$3.30	$3.45	$3.40	$3.50	$3.50	$3.50
BBER	Gas Volumes (billion cubic feet)	1,168		1,167	1,134		1,151		1,153		1,116		1,104	1,101
CREG	NM Taxable Gas Volumes (billion cubic feet)	1,200	1,240	1,160	1,170	1,265	1,120	1,140	1,080	1,120	1,040	1,100	1,000	965
	NM Taxable Gas Volumes (%YOY growth)	1.7%		-2.1%	-2.5%		-3.4%	-2.6%	-3.6%	-1.8%	-3.7%	-2.7%	-3.8%	-3.5%

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 - July 2016 FOR-UNM baseline. Global Insight - July 2016 baseline.

DFA Notes
* Real GDP is BEA chained 2005 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 gas prices are estimated using a formula of NYMEX, EIA, and Moodys (June) future prices as well as a liquid premium based on oil price forecast
Sources: August 2016 Moody's economy.com baseline

Attachment 2

General Fund Consensus Revenue Estimate August 2016

	FY15	FY16					FY17					FY18				
	Pre-liminary Actual	Jan 2016 Est.	**Aug 2016 Est.**	Change from Prior	% Change from FY15	$ Change from FY15	Est. (adjusted for legislation)	**Aug 2016 Est.**	Change from Prior	% Change from FY16	$ Change from FY16	Jan 2016 Est.	**Aug 2016 Est.**	Change from Prior	% Change from FY17	$ Change from FY17
Gross Receipts Tax	2,095.2	2,090.0	1,957.2	(132.8)	-6.6%	(138.0)	2,216.0	1,944.5	(271.5)	-0.6%	(12.7)	2,345.0	2,089.7	(255.3)	7.5%	145.2
Compensating Tax	71.8	54.4	46.7	(7.7)	-35.0%	(25.1)	64.1	49.5	(14.6)	6.0%	2.8	65.1	53.0	(12.1)	7.0%	3.5
TOTAL GENERAL SALES	2,167.0	2,144.4	2,003.9	(140.5)	-7.5%	(163.1)	2,280.1	1,994.0	(286.1)	-0.5%	(9.9)	2,410.1	2,142.7	(267.4)	7.5%	148.7
Tobacco Taxes	82.3	82.4	75.6	(6.8)	-8.2%	(6.7)	81.4	75.0	(6.4)	-0.8%	(0.6)	80.4	74.5	(5.9)	-0.7%	(0.5)
Liquor Excise	26.3	6.6	6.7	0.1	-74.5%	(19.6)	6.9	6.9	-	3.0%	0.2	26.1	26.1	-	278.3%	19.2
Insurance Taxes	149.9	188.0	208.0	20.0	38.8%	58.1	219.1	230.0	10.9	10.6%	22.0	231.8	250.0	18.2	8.7%	20.0
Fire Protection Fund Reversion	15.2	13.7	15.1	1.4	-0.4%	(0.1)	12.4	13.1	0.7	-13.2%	(2.0)	11.2	11.8	0.6	-9.9%	(1.3)
Motor Vehicle Excise	138.7	151.0	149.8	(1.2)	8.0%	11.1	152.0	148.5	(3.5)	-0.9%	(1.3)	157.0	153.6	(3.4)	3.4%	5.1
Gaming Excise	70.4	70.1	63.0	(7.1)	-10.5%	(7.4)	70.1	62.0	(8.1)	-1.6%	(1.0)	70.3	62.6	(7.7)	1.0%	0.6
Leased Vehicle Surcharge	5.2	5.2	5.5	0.3	5.0%	0.3	5.2	5.4	0.2	-1.8%	(0.1)	5.2	5.4	0.2	0.0%	-
Other	0.5	3.2	3.6	0.4	642.9%	3.1	2.1	2.1	-	-42.5%	(1.5)	2.1	2.1	-	0.0%	-
TOTAL SELECTIVE SALES	488.5	520.2	527.3	7.1	8.0%	38.8	549.2	543.0	(6.2)	3.0%	15.7	584.1	586.1	2.0	7.9%	43.1
Personal Income Tax	1,339.7	1,401.0	1,317.6	(83.4)	-1.7%	(22.1)	1,455.0	1,339.0	(116.0)	1.6%	21.4	1,522.0	1,365.0	(157.0)	1.9%	26.0
Corporate Income Tax	254.5	223.0	120.0	(103.0)	-52.8%	(134.5)	220.0	100.0	(120.0)	-16.7%	(20.0)	205.0	88.0	(117.0)	-12.0%	(12.0)
TOTAL INCOME TAXES	1,594.2	1,624.0	1,437.6	(186.4)	-9.8%	(156.6)	1,675.0	1,439.0	(236.0)	0.1%	1.4	1,727.0	1,453.0	(274.0)	1.0%	14.0
Oil and Gas School Tax	375.4	248.5	233.1	(15.4)	-37.9%	(142.3)	268.0	289.5	21.5	24.2%	56.4	309.6	302.0	(7.6)	4.3%	12.5
Oil Conservation Tax	20.1	13.3	11.3	(2.0)	-43.8%	(8.8)	14.2	13.8	(0.4)	22.1%	2.5	16.4	14.9	(1.5)	8.0%	1.1
Resources Excise Tax	13.3	13.0	11.2	(1.8)	-16.1%	(2.1)	13.0	13.0	-	16.1%	1.8	13.0	13.0	-	0.0%	-
Natural Gas Processors Tax	18.6	19.7	20.4	0.7	9.7%	1.8	12.8	10.0	(2.8)	-51.0%	(10.4)	10.7	10.1	(0.6)	1.0%	0.1
TOTAL SEVERANCE TAXES	427.5	294.5	276.0	(18.5)	-35.4%	(151.5)	308.0	326.3	18.3	18.2%	50.3	349.7	340.0	(9.7)	4.2%	13.7
LICENSE FEES	55.9	54.5	54.8	0.3	-1.9%	(1.1)	55.5	55.5	-	1.3%	0.7	56.6	56.6	-	2.0%	1.1
LGPF Interest	502.8	553.2	555.1	1.9	10.4%	52.3	538.3	538.2	(0.1)	-3.0%	(16.9)	601.9	583.8	(18.1)	8.5%	45.6
STO Interest	17.0	15.0	21.6	6.6	27.0%	4.6	46.8	23.3	(23.5)	7.9%	1.7	54.3	22.7	(31.6)	-2.6%	(0.6)
STPF Interest	182.7	193.5	193.5	-	5.9%	10.8	200.4	200.6	0.2	3.7%	7.1	216.5	210.6	(5.9)	5.0%	10.0
TOTAL INTEREST	702.5	761.7	770.2	8.5	9.6%	67.7	785.5	762.1	(23.4)	-1.1%	(8.1)	872.7	817.1	(55.6)	7.2%	55.0
Federal Mineral Leasing	542.2	400.0	390.0	(10.0)	-28.1%	(152.2)	385.0	376.0	(9.0)	-3.6%	(14.0)	410.0	398.0	(12.0)	5.9%	22.0
State Land Office	42.2	50.0	53.8	3.8	27.4%	11.6	51.2	52.7	1.5	-2.0%	(1.1)	53.7	53.7	-	1.9%	1.0
TOTAL RENTS & ROYALTIES	584.4	450.0	443.8	(6.2)	-24.1%	(140.6)	436.2	428.7	(7.5)	-3.4%	(15.1)	463.7	451.7	(12.0)	5.4%	23.0
TRIBAL REVENUE SHARING	67.2	64.3	62.2	(2.1)	-7.4%	(5.0)	65.8	61.9	(3.9)	-0.5%	(0.3)	67.8	61.2	(6.6)	-1.0%	(0.6)
MISCELLANEOUS RECEIPTS	56.2	56.5	51.3	(5.2)	-8.7%	(4.9)	59.4	58.0	(1.4)	13.1%	6.7	60.3	59.0	(1.4)	1.7%	1.0
REVERSIONS	51.5	50.0	45.0	(5.0)	-12.6%	(6.5)	50.0	40.0	(10.0)	-11.1%	(5.0)	50.0	50.0	-	25.0%	10.0
TOTAL RECURRING	6,194.7	6,020.1	5,672.1	(348.1)	-8.4%	(522.6)	6,264.6	5,708.4	(556.2)	0.6%	36.3	6,642.0	6,017.4	(624.6)	5.4%	308.9
TOTAL NON-RECURRING	41.2	5.5	18.5	13.0	na	(22.7)	62.0	62.0	-	na	43.5	-	-	-	na	(62.0)
GRAND TOTAL	6,235.9	6,025.6	5,690.6	(335.1)	-8.7%	(545.3)	6,326.6	5,770.4	(556.2)	1.4%	79.8	6,642.0	6,017.4	(624.6)	4.3%	246.9

Attachment 2

General Fund Consensus Revenue Estimate August 2016

FY19

	Jan 2016 Est.	**Aug 2016 Est.**	Change from Prior	% Change from FY18	$ Change from FY18
Gross Receipts Tax	2,460.0	2,167.9	(292.1)	3.7%	78.2
Compensating Tax	66.6	57.2	(9.4)	8.0%	4.2
TOTAL GENERAL SALES	2,526.6	2,225.1	(301.5)	3.8%	82.4
Tobacco Taxes	79.4	74.0	(5.4)	-0.7%	(0.5)
Liquor Excise	28.9	28.9	-	10.7%	2.8
Insurance Taxes	243.3	266.0	22.7	6.4%	16.0
Fire Protection Fund Reversion	10.0	10.5	0.5	-11.0%	(1.3)
Motor Vehicle Excise	161.0	157.7	(3.3)	2.7%	4.1
Gaming Excise	69.1	63.2	(5.9)	1.0%	0.6
Leased Vehicle Surcharge	5.2	5.4	0.2	0.0%	-
Other	2.1	2.1	-	0.0%	-
TOTAL SELECTIVE SALES	599.0	607.8	8.8	3.7%	21.7
Personal Income Tax	1,606.0	1,404.0	(202.0)	2.9%	39.0
Corporate Income Tax	163.0	82.0	(81.0)	-6.8%	(6.0)
TOTAL INCOME TAXES	1,769.0	1,486.0	(283.0)	2.3%	33.0
Oil and Gas School Tax	335.9	298.7	(37.2)	-1.1%	(3.3)
Oil Conservation Tax	17.8	15.7	(2.1)	5.4%	0.8
Resources Excise Tax	13.0	13.0	-	0.0%	-
Natural Gas Processors Tax	10.5	9.7	(0.8)	-4.0%	(0.4)
TOTAL SEVERANCE TAXES	377.2	337.1	(40.1)	-0.9%	(2.9)
LICENSE FEES	57.9	57.9	-	2.3%	1.3
LGPF Interest	651.9	613.2	(38.7)	5.0%	29.4
STO Interest	60.9	28.4	(32.5)	25.1%	5.7
STPF Interest	227.5	217.0	(10.5)	3.0%	6.4
TOTAL INTEREST	940.3	858.6	(81.7)	5.1%	41.5
Federal Mineral Leasing	445.0	420.0	(25.0)	5.5%	22.0
State Land Office	55.2	55.2	-	2.8%	1.5
TOTAL RENTS & ROYALTIES	500.2	475.2	(25.0)	5.2%	23.5
TRIBAL REVENUE SHARING	71.0	63.6	(7.4)	3.9%	2.4
MISCELLANEOUS RECEIPTS	61.3	59.9	(1.4)	1.6%	0.9
REVERSIONS	50.0	50.0	-	0.0%	-
TOTAL RECURRING	6,952.4	6,221.2	(731.2)	3.4%	203.8
TOTAL NON-RECURRING	-	-	-	na	-
GRAND TOTAL	6,952.4	6,221.2	(731.2)	4.7%	203.8

FY20

	Jan 2016 Est.	**Aug 2016 Est.**	Change from Prior	% Change from FY19	$ Change from FY19
Gross Receipts Tax	2,593.0	2,241.5	(351.5)	3.4%	73.6
Compensating Tax	66.2	62.4	(3.8)	9.0%	5.1
TOTAL GENERAL SALES	2,659.2	2,303.8	(355.4)	3.5%	78.7
Tobacco Taxes	78.4	73.5	(4.9)	-0.7%	(0.5)
Liquor Excise	27.7	27.7	-	-4.2%	(1.2)
Insurance Taxes	255.6	283.0	27.4	6.4%	17.0
Fire Protection Fund Reversion	8.5	8.9	0.4	-15.2%	(1.6)
Motor Vehicle Excise	164.0	162.0	(2.0)	2.7%	4.3
Gaming Excise	68.0	63.9	(4.1)	1.1%	0.7
Leased Vehicle Surcharge	5.2	5.4	0.2	0.0%	-
Other	2.1	2.1	-	0.0%	-
TOTAL SELECTIVE SALES	609.5	626.5	17.0	3.1%	18.7
Personal Income Tax	1,683.0	1,444.0	(239.0)	2.8%	40.0
Corporate Income Tax	168.0	94.0	(74.0)	14.6%	12.0
TOTAL INCOME TAXES	1,851.0	1,538.0	(313.0)	3.5%	52.0
Oil and Gas School Tax	355.4	307.8	(47.6)	3.0%	9.1
Oil Conservation Tax	18.8	16.2	(2.6)	3.2%	0.5
Resources Excise Tax	13.0	13.0	-	0.0%	-
Natural Gas Processors Tax	10.3	9.4	(0.9)	-3.1%	(0.3)
TOTAL SEVERANCE TAXES	397.5	346.4	(51.1)	2.8%	9.3
LICENSE FEES	59.3	59.3	-	2.4%	1.4
LGPF Interest	693.9	636.3	(57.6)	3.8%	23.1
STO Interest	74.3	41.4	(32.9)	45.8%	13.0
STPF Interest	235.9	224.6	(11.3)	3.5%	7.6
TOTAL INTEREST	1,004.1	902.3	(101.8)	5.1%	43.7
Federal Mineral Leasing	470.0	433.0	(37.0)	3.1%	13.0
State Land Office	55.7	55.7	-	0.9%	0.5
TOTAL RENTS & ROYALTIES	525.7	488.7	(37.0)	2.8%	13.5
TRIBAL REVENUE SHARING	73.1	63.5	(9.6)	-0.2%	(0.1)
MISCELLANEOUS RECEIPTS	62.3	61.0	(1.4)	1.7%	1.0
REVERSIONS	50.0	50.0	-	0.0%	-
TOTAL RECURRING	7,291.7	6,439.5	(852.2)	3.5%	218.3
TOTAL NON-RECURRING	-	-	-	na	-
GRAND TOTAL	7,291.7	6,439.5	(852.2)	3.5%	218.3

FY21

	Aug 2016 Est.	% Change from FY20	$ Change from FY20
Gross Receipts Tax	2,310.4	3.1%	68.9
Compensating Tax	68.6	10.0%	6.2
TOTAL GENERAL SALES	2,379.0	3.3%	75.1
Tobacco Taxes	73.0	-0.7%	(0.5)
Liquor Excise	27.7	0.0%	-
Insurance Taxes	300.0	6.0%	17.0
Fire Protection Fund Reversion	7.3	-18.0%	(1.6)
Motor Vehicle Excise	164.0	1.2%	2.0
Gaming Excise	64.5	0.9%	0.6
Leased Vehicle Surcharge	5.4	0.0%	-
Other	2.1	0.0%	-
TOTAL SELECTIVE SALES	644.0	2.8%	17.5
Personal Income Tax	1,494.0	3.5%	50.0
Corporate Income Tax	94.0	0.0%	-
TOTAL INCOME TAXES	1,588.0	3.3%	50.0
Oil and Gas School Tax	317.4	3.1%	9.6
Oil Conservation Tax	16.8	3.7%	0.6
Resources Excise Tax	13.0	0.0%	-
Natural Gas Processors Tax	9.4	0.0%	-
TOTAL SEVERANCE TAXES	356.6	2.9%	10.2
LICENSE FEES	59.3	0.0%	-
LGPF Interest	657.5	3.3%	21.2
STO Interest	46.7	12.8%	5.3
STPF Interest	236.8	5.4%	12.2
TOTAL INTEREST	941.0	4.3%	38.7
Federal Mineral Leasing	445.0	2.8%	12.0
State Land Office	55.7	0.0%	-
TOTAL RENTS & ROYALTIES	500.7	2.5%	12.0
TRIBAL REVENUE SHARING	63.6	0.2%	0.1
MISCELLANEOUS RECEIPTS	61.0	0.0%	-
REVERSIONS	50.0	0.0%	-
TOTAL RECURRING	6,643.1	3.2%	203.6
TOTAL NON-RECURRING	-	na	-
GRAND TOTAL	6,643.1	3.2%	203.6

FISCAL YEAR 2016 GENERAL FUND MONTHLY REVENUE TRACKING - *ACTUAL THROUGH MAY, JUNE PRELIMINARY: COMPARED WITH FEBRUARY GUIDANCE (-5.5%)*

(dollars in millions; italics indicate preliminary actual revenue; bold indicates actual revenue)

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Row #		ESTIMATED REVENUE ACCRUALS												FY16	TRACKING CHANGE (Δ)		
		July Actual	Aug Actual	Sept Actual	Oct Actual	Nov Actual	Dec Actual	Jan Actual	Feb Actual	Mar Actual	Apr Actual	May Actual	June Prelim.	Actual + Estimate	FY 16 Feb 16 Guidance	YTD % Δ	YTD $ Δ
1	Gross Receipts Tax	167.2	167.0	143.3	141.9	171.4	202.3	143.5	153.1	173.6	166.1	148.2	179.5	1,957.2	2,046.6	-4.4%	(89.4)
2	Compensating Tax	2.5	3.3	5.0	3.6	2.3	5.7	7.2	4.0	4.5	0.8	3.1	4.8	46.7	53.3	-12.3%	(6.5)
3	TOTAL GENERAL SALES TAXES	169.8	170.3	148.4	145.5	173.7	208.0	150.7	157.1	178.1	166.8	151.4	184.3	2,003.9	2,099.9	-4.6%	(96.0)
4	Tobacco Products & Cigarette Taxes	6.0	7.2	7.8	6.9	5.4	6.7	5.6	5.6	5.1	6.0	6.7	6.6	75.6	80.7	-6.3%	(5.1)
5	Liquor Excise Tax	0.5	0.5	0.7	0.6	0.6	0.7	0.4	0.5	0.6	0.5	0.6	0.6	6.7	6.6	2.7%	0.2
6	Insurance Premiums Tax	0.5	45.7	1.0	1.2	45.1	0.8	1.1	54.4	1.2	5.6	50.3	1.0	208.0	184.1	13.0%	23.9
7	Fire Protection Fund Reversion	-	-	-	-	-	-	-	-	-	-	-	15.1	15.1	13.4	12.3%	1.7
8	Motor Vehicle Excise Tax	16.3	13.5	12.7	11.7	12.7	11.1	11.3	10.8	13.4	12.1	12.1	12.6	150.4	147.9	1.7%	2.5
9	Gaming Excise Tax	5.7	5.3	5.0	5.5	4.6	4.8	5.4	5.4	5.6	5.5	5.5	4.9	63.0	68.6	-8.2%	(5.6)
10	Leased Vehicle Surcharge	0.5	0.5	0.5	0.5	0.4	0.4	0.4	0.4	0.4	0.5	0.5	0.5	5.5	5.1	8.7%	0.4
11	Other	0.0	0.4	0.4	(0.3)	(0.0)	0.4	0.6	(0.1)	0.2	0.0	0.6	0.6	3.0	3.2	-6.4%	(0.2)
12	TOTAL SELECTIVE SALES TAXES	29.6	73.2	28.2	26.2	68.8	24.9	24.7	76.9	26.4	30.2	76.3	41.9	527.3	509.5	3.5%	17.8
13	Withholding	102.4	86.4	128.0	98.1	84.0	141.0	85.7	86.3	106.8	93.1	84.2	96.1	1,192.1	1,266.9	-5.9%	(74.8)
14	Final Settlements	-	13.4	45.3	23.6	12.0	33.1	41.2	13.2	29.6	132.6	25.8	56.2	426.0	456.4	-6.7%	(30.5)
15	Oil and Gas Withholding Tax	-	2.2	6.8	7.7	5.4	4.5	11.3	4.6	6.1	10.2	7.2	15.1	81.0	91.2	-11.1%	(10.1)
16	Fiduciary Tax	(0.1)	1.0	(0.7)	0.2	0.3	0.6	0.6	0.3	2.9	0.4	1.8	(0.2)	7.0	20.6	-65.8%	(13.5)
17	Gross Personal Income Tax	102.3	103.0	179.4	129.6	101.6	179.2	138.8	104.4	145.3	236.4	119.0	167.2	1,706.2	1,835.2	-7.0%	(129.0)
18	Transfer to PIT Suspense	6.6	8.6	9.2	11.7	4.7	70.7	99.2	52.4	60.6	16.2	11.4	*7.9*	359.0	434.6	-17.4%	(75.5)
19	Retiree Health Care	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	*2.7*	29.5	28.6	3.0%	0.9
20	Less: Refunds, distributions to other funds	9.0	11.0	11.6	14.2	7.1	73.2	101.6	54.8	63.0	18.6	13.8	*10.6*	388.6	463.2	-16.1%	(74.7)
21	NET PERSONAL INCOME TAX	93.3	92.0	167.8	115.4	94.5	106.1	37.2	49.6	82.3	217.8	105.2	*156.5*	1,317.6	1,371.9	-4.0%	(54.3)
22	Gross Corporate Payments	-	(5.4)	3.6	43.4	(9.1)	(3.6)	46.4	(28.6)	36.1	13.2	18.1	5.9	120.0	218.4	-45.0%	(98.3)
23	Less: Refunds, Credits & Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-
24	NET CORPORATE INCOME TAX	-	(5.4)	3.6	43.4	(9.1)	(3.6)	46.4	(28.6)	36.1	13.2	18.1	5.9	120.0	218.4	-45.0%	(98.3)
25	TOTAL INCOME TAXES	93.3	86.6	171.4	158.8	85.4	102.4	83.6	21.0	118.4	231.0	123.3	*162.4*	1,437.6	1,590.3	-9.6%	(152.6)
26	Oil and Gas School Tax	24.6	22.9	23.2	23.8	19.5	16.9	15.2	13.1	17.0	17.1	20.6	19.0	233.1	243.3	-4.2%	(10.2)
27	Oil Conservation Tax	1.2	1.1	1.1	1.1	0.9	0.9	0.7	0.6	0.8	0.8	1.0	1.0	11.3	13.0	-12.9%	(1.7)
28	Resources Excise Tax	1.1	1.0	0.4	1.5	0.8	1.1	0.8	0.5	1.3	0.9	0.8	1.0	11.2	12.7	-12.0%	(1.5)
29	Natural Gas Processors Tax	1.6	1.7	1.8	1.8	1.7	1.5	1.6	1.6	1.8	1.7	1.8	1.7	20.4	19.3	5.5%	1.1
30	TOTAL MINERAL PROD. TAXES	28.6	26.7	26.5	28.3	23.0	20.4	18.4	15.8	20.9	20.5	24.3	22.8	276.0	288.4	-4.3%	(12.4)
31	LICENSE FEES	2.2	2.0	2.4	2.0	2.0	8.6	2.6	4.6	9.5	13.3	2.6	3.0	54.8	53.4	2.7%	1.4
32	Land Grant Perm. Fund Distributions	46.2	46.2	46.2	46.2	46.2	46.3	46.3	46.3	46.3	46.3	46.3	46.3	555.1	541.7	2.5%	13.4
33	State Treasurer's Earnings	2.1	0.0	5.4	(1.9)	(3.3)	(1.5)	10.7	1.9	2.3	(0.0)	(1.3)	7.2	21.6	14.7	47.4%	7.0
34	Severance Tax Perm. Fund Distributions	16.1	16.1	16.1	16.1	16.1	16.1	16.1	16.1	16.1	16.1	16.1	16.1	193.5	189.5	2.1%	4.0
35	TOTAL INVESTMENT EARNINGS	64.4	62.3	67.7	60.5	59.1	60.8	73.1	64.3	64.7	62.4	61.1	69.7	770.2	745.9	3.3%	24.2
36	Federal Mineral Leasing Royalties	30.9	35.0	29.5	88.7	33.2	29.7	27.6	25.3	15.8	20.2	19.7	34.4	390.0	391.7	-0.4%	(1.7)
37	State Land Office Bonuses, Rents	9.9	2.2	6.6	6.0	8.6	3.8	2.1	5.5	2.0	2.7	2.7	1.7	53.8	49.0	9.9%	4.8
38	TOTAL RENTS & ROYALTIES	40.8	37.2	36.1	94.7	41.9	33.5	29.7	30.7	17.7	22.9	22.4	36.2	443.8	440.7	0.7%	3.2
39	TRIBAL REVENUE SHARING	0.8	0.0	15.6	0.7	0.0	14.9	0.7	0.3	15.9	0.1	0.0	13.1	62.2	63.0	-1.2%	(0.8)
40	MISCELLANEOUS RECEIPTS	0.8	1.0	1.2	1.0	0.9	17.9	1.2	0.9	0.7	(0.5)	1.3	24.8	51.3	55.3	-7.2%	(4.0)
41	REVERSIONS	0.0	0.0	0.0	0.1	0.1	1.2	1.1	21.9	1.3	(2.1)	0.0	21.4	45.0	49.0	-8.2%	(4.0)
42	TOTAL RECURRING REVENUE	430.3	459.4	497.4	517.9	454.9	492.7	385.9	393.4	453.6	544.5	462.7	579.5	5,672.1	5,895.2	-3.8%	(223.1)
43	Non-Recurring	0.0	(0.1)	(0.1)	0.0	0.2	(0.1)	0.0	0.3	(0.2)	(0.0)	0.2	18.3	18.5	5.5	236.5%	13.0
44	TOTAL NON-RECURRING REVENUE	0.0	(0.1)	(0.1)	0.0	0.2	(0.1)	0.0	0.3	(0.2)	(0.0)	0.2	18.3	18.5	5.5	236.5%	13.0
45	GRAND TOTAL REVENUE	430.3	459.3	497.2	517.9	455.1	492.6	385.9	393.8	453.4	544.5	462.9	597.8	5,690.6	5,900.7	-3.6%	(210.1)

Notes: estimates are based on preliminary information, year-to-date revenues, and historical monthly spreads (5-year averages in most cases)

General Fund Financial Summary:
August 2016 Consensus Revenue Estimate
(in millions of dollars)

August 23, 2016	Preliminary FY2016	Estimated FY2017	Estimated FY2018
APPROPRIATION ACCOUNT			
REVENUE			
Recurring Revenue			
January 2016 Revenue Forecast	$ 6,020.2	$ 6,264.6	
February 2016 Revenue Outlook	$ (125.0)	$ (125.0)	
August 2016 Revenue Forecast	$ (223.1)	$ (431.2)	$ 6,017.4
Total Recurring Revenue	$ 5,672.1	$ 5,708.4	$ 6,017.4
January 2016 Nonrecurring Revenue Update	$ 5.5	$ -	$ -
2016 Session Nonrecurring Revenue Legislation	$ 13.0	$ 62.0	$ -
Total Nonrecurring Revenue	$ 18.5	$ 62.0	$ -
TOTAL REVENUE	**$ 5,690.6**	**$ 5,770.4**	**$ 6,017.4**
APPROPRIATIONS			
Recurring Appropriations			
General Appropriation	$ 6,234.7	$ -	"New Money" in FY18 is -$210.9 -3.4%
2016 Legislation & Feed Bill	$ 6.2	$ 6,228.3	
2016 Legislation FY16 Sanding	$ (31.0)		
Total Recurring Appropriations	$ 6,209.9	$ 6,228.3	
Nonrecurring Appropriations			
Prior Year Appropriations	$ 31.0	$ -	
2016 Legislation	$ 66.7	$ 0.3	
Total Nonrecurring Appropriations	$ 97.7	$ 0.3	
TOTAL APPROPRIATIONS	**$ 6,307.6**	**$ 6,228.6**	
Transfer to (from) Reserves	$ (617.0)	$ (458.2)	
GENERAL FUND RESERVES			
Beginning Balances	$ 713.1	$ 130.4	
Transfers from (to) Appropriations Account	$ (617.0)	$ (458.2)	
Revenue and Reversions	$ 113.1	$ 57.0	
Appropriations, Expenditures and Transfers Out	$ (78.9)	$ (55.0)	
Ending Balances	**$ 130.4**	**$ (325.8)**	
Reserves as a Percent of Recurring Appropriations	*2.1%*	*-5.2%*	

Notes:

General Note: small adjustments (< ± $100,000) have been made in beginning balances of all subaccounts to conform the ending totals to the 2015 audit to the dollar. In prior years, beginning and ending balances had been rounded to the nearest $100,000.

^A balance of $101.7 million has been held in reserve for cash reconciliation purposes. The State Treasurer reported that the latest reconciliation efforts suggest nearly 100 percent of these restricted funds will be reversed and $0 will be needed for SHARE remediation.

^^$36 million of restricted General Fund reserves to address potential Special Education Funding Maintenance of Effort noted in the FY14 audit have been swept in HB311.

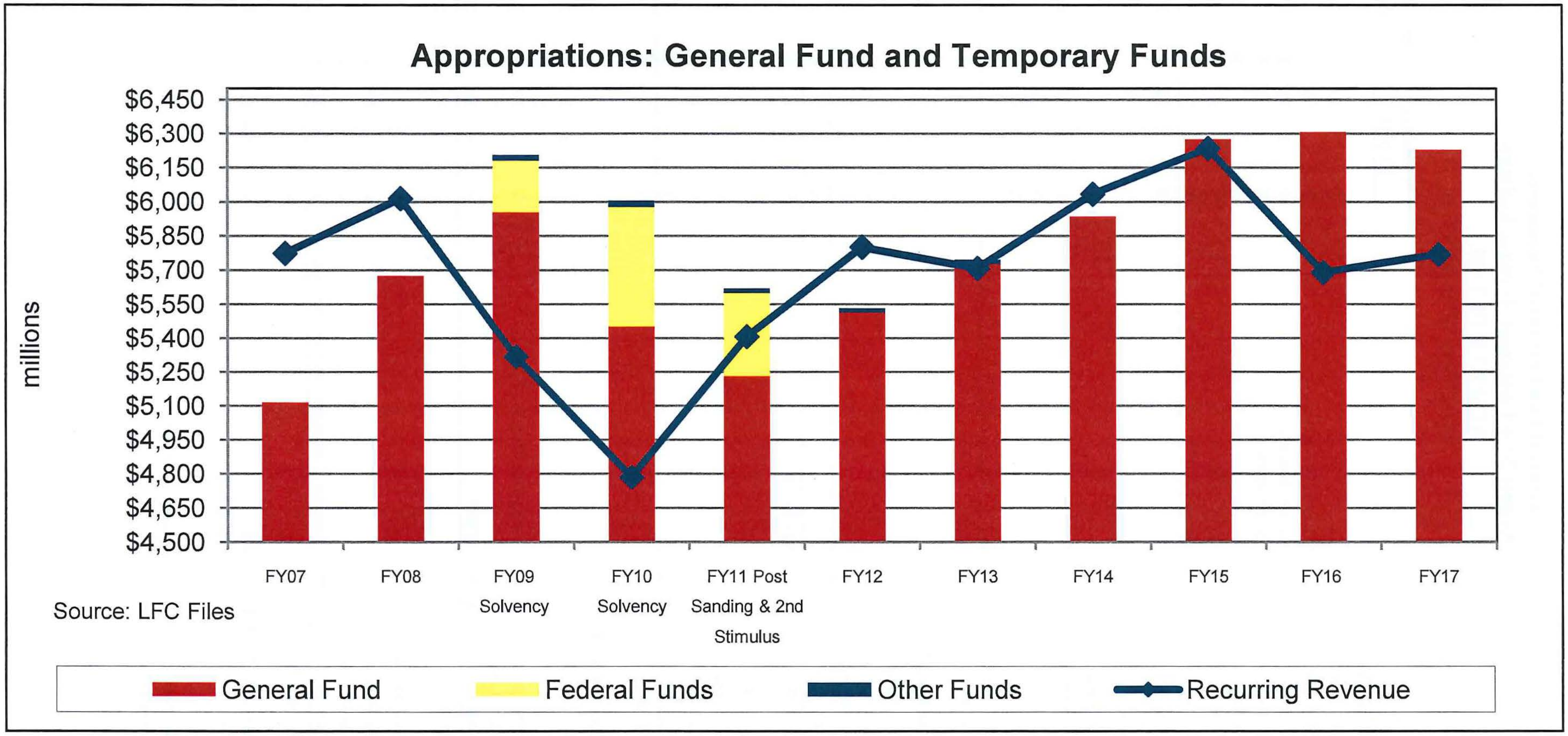
General Fund Financial Summary:
August 2016 Consensus Revenue Estimate
RESERVE DETAIL
(in millions of dollars)

	Preliminary FY2016	Estimated FY2017	Estimated FY2018
OPERATING RESERVE			
Beginning Balance	$ 319.8	$ (131.1)	$ (591.2)
BOF Emergency Appropriations/Reversions	$ (2.0)	$ (2.0)	
Transfers from/to Appropriation Account	$ (617.0)	$ (458.2)	
Transfer to ACF/Other Appropriations	$ (20.0)	$ -	
Reversal of Contingency for Unreconciled Accounts	$ -	$ -	
2016 Revenue Legislation (HB 311)*	$ 40.6	$ -	
Transfer from Tax Stabilization Reserve	$ 147.5	$ -	
Ending Balance	$ (131.1)	$ (591.2)	
APPROPRIATION CONTINGENCY FUND			
Beginning Balance	$ 28.4	$ 39.6	$ 31.6
Disaster Allotments	$ (16.3)	$ (16.0)	$ (16.0)
Other Appropriations	$ (0.5)	$ -	$ -
Transfers In	$ 20.0	$ -	
Revenue and Reversions	$ 8.0	$ 8.0	
Ending Balance	$ 39.6	$ 31.6	
Education Lock Box			
Beginning Balance	$ -	$ -	$ -
Appropriations	$ -	$ -	
Transfers In	$ -	$ -	
Ending Balance	$ -	$ -	
Total of Appropriation Contingency Fund	$ 39.6	$ 31.6	
STATE SUPPORT FUND			
Beginning Balance	$ 1.0	$ 2.4	$ 2.4
Revenues**	$ 1.4	$ -	$ -
Appropriations	$ -	$ -	
Ending Balance	$ 2.4	$ 2.4	
TOBACCO PERMANENT FUND			
Beginning Balance	$ 216.4	$ 219.4	$ 231.4
Transfers In	$ 39.6	$ 37.0	$ 37.0
Appropriation to Tobacco Settlement Program Fund	$ (18.5)	$ (18.5)	
Gains/Losses	$ 3.6	$ 12.0	$ 13.0
Additional Transfers from TSPF	$ (21.6)	$ (18.5)	
Ending Balance	$ 219.4	$ 231.4	
TAX STABILIZATION RESERVE			
Beginning Balance	$ 147.5	$ -	$ -
Transfers In	$ -	$ -	$ -
Transfer Out to Operating Reserve (Contingent on Solvency Bill)	$ (147.5)	$ -	$ -
Ending Balance	$ -	$ -	$ -
GENERAL FUND ENDING BALANCES	**$ 130.3**	**$ (325.8)**	
Percent of Recurring Appropriations	*2.1%*	*-5.2%*	

Notes:

* HB 311 - $22.2 m ($12.3m fund sweeps and $10m unrestriction of MOE).

** Pursuant to HB311 from Drivers License Fees.

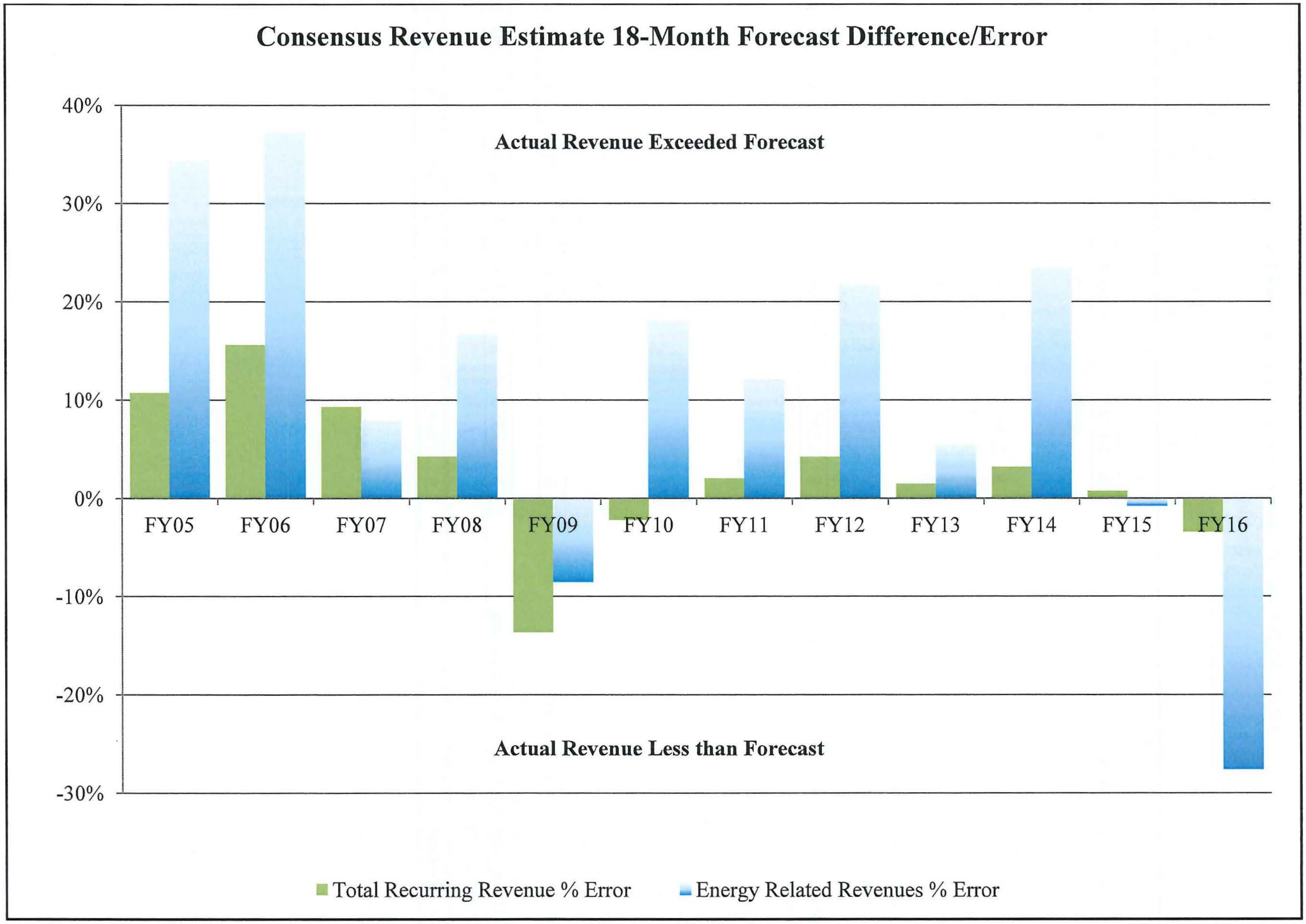

Appropriations: General Fund and Temporary Funds
millions
$6,450
$6,300
$6,150
$6,000
$5,850
$5,700
$5,550
$5,400
$5,250
$5,100
$4,950
$4,800
$4,650
$4,500
FY07
FY08
FY09 Solvency
FY10 Solvency
FY11 Post Sanding & 2nd Stimulus
FY12
FY13
FY14
FY15
FY16
FY17
Source: LFC Files
General Fund
Federal Funds
Other Funds
Recurring Revenue

FY17 - FY20 General Fund Recurring Appropriation Outlook
(in millions of dollars)

	GAA FY16	GAA FY17	Outlook FY18	Outlook FY19
August 2016 Consensus - Recurring Revenue	$ 5,672.1	$ 5,708.4	$ 6,017.4	$ 6,221.2
Total Recurring Revenue	**$ 5,672.1**	**$ 5,708.4**	**$ 6,017.4**	**$ 6,221.2**
Yr/Yr percent change	*-8.8%*	*0.6%*	*5.4%*	*3.4%*
Recurring Appropriations:				
Public Education	$ 2,796.7	$ 2,913.6	$ 2,889.6	$ 2,976.3
Higher Education	$ 855.3	$ 882.5	$ 851.0	$ 868.0
Public Safety	$ 401.8	$ 414.6	$ 407.1	$ 415.3
Medicaid	$ 940.7	$ 989.4	$ 1,090.1	$ 1,133.7
Medicaid Expansion Spending		$ 43.4	$ 99.9	$ 122.6
Other Health & Human Services		$ -	$ 170.4	$ 175.6
All Other Government	$ 1,206.6	$ 1,244.9	$ 1,164.8	$ 1,188.1
Subtotal of Recurring Appropriations	**$ 6,235.3**	**$ 6,488.4**	**$ 6,672.9**	**$ 6,879.5**
Yr/Yr percent change	*1.1%*	*4.1%*	*4.4%*	*3.1%*
Adjustment Scenario:				
Medicaid - Supplemental		$ 25.0		
Replace fund balances with general fund:				
- State Parks		$ 2.5	$ 5.0	$ 5.0
- Irrigation Works Construction Fund		$ 2.5	$ 2.5	$ 2.5
Public Defender		$ 4.0	$ 8.0	$ 8.0
State Police Salaries		$ 3.0	$ 6.0	$ 6.0
Subtotal of Adjustment Scenario	**$ -**	**$ 37.0**	**$ 21.5**	**$ 21.5**
Total Recurring Approp. + Add. Funding	**$ 6,235.3**	**$ 6,525.4**	**$ 6,694.4**	**$ 6,901.0**
Yr/Yr percent change	*1.1%*	*4.7%*	*2.6%*	*3.1%*
Surplus/(Deficit)	**$ (563.2)**	**$ (817.0)**	**$ (677.0)**	**$ (679.8)**

Notes:
(1) Medicaid spending growth in FY17 - FY20 is estimated at 4 percent.

Attachment 7



FY15 Tax Expenditure Costs Sorted from High to Low

Rank	Tax Expenditure	FY 2015 (in millions)	Cumulative ($0,000s)	Cumulative Percent
1	sale of food and hold harmless	$238.9	$238.9	20.2%
2	nonprofit organizations exemption	$80.0	$318.9	27.0%
3	sales to nonprofits	$76.0	$394.9	33.5%
4	health care practitioner deduction and hold harmless	$70.1	$465.0	39.4%
5	high wage jobs credit	$69.9	$535.0	45.3%
6	prescription drugs & oxygen deduction	$67.3	$602.2	51.0%
7	medical and health care services deduction	$55.0	$657.2	55.7%
8	medical insurance pool credit against premium tax assessments	$53.7	$710.9	60.2%
9	working families tax credit	$51.5	$762.4	64.6%
10	film credit	$50.0	$812.4	68.8%
11	uranium hexafluoride & enrichment deduction	$50.0	$862.4	73.1%
12	net capital gain deduction from PIT	$38.2	$900.7	76.3%
13	DOH-licensd hospitals deduction	$37.2	$937.8	79.5%
14	locomotive engine fuel deduction	$23.1	$960.9	81.4%
15	coal exemption from severance surtax	$22.7	$983.6	83.3%
16	low income comprehensive tax rebate	$20.9	$1,004.5	85.1%
17	low and middle income exemption from PIT	$18.0	$1,022.6	86.6%
18	DOH-licensed hospitals grt credit	$13.7	$1,036.3	87.8%
19	renewable energy production credit	$11.6	$1,047.9	88.8%
20	newspaper sales deduction	$11.2	$1,059.1	89.7%
21	lottery retailer deduction	$9.5	$1,068.6	90.5%
22	sale of textbooks in certain bookstores	$8.7	$1,077.3	91.3%
23	technology jobs credit	$8.4	$1,085.7	92.0%
24	jet fuel 55% deduction	$6.8	$1,092.5	92.6%
25	rural health care practitioner credit	$6.4	$1,098.9	93.1%
26	advanced energy credit	$5.0	$1,103.9	93.5%
27	investment tax credit	$3.6	$1,107.5	93.8%
28	molybdenum, potash & timber rate differential	$3.6	$1,111.2	94.1%
29	social organization fees exemption	$3.6	$1,114.8	94.4%
30	sale of aircraft deduction	$3.6	$1,118.4	94.8%
31	elderly taxpayers property tax credit	$3.5	$1,121.9	95.1%
32	back-to-school tax-free sales deduction	$3.5	$1,125.4	95.3%
33	persons 65 or over or blind extra LICTR	$3.3	$1,128.7	95.6%
34	sustainable building credit	$3.1	$1,131.8	95.9%
35	armed forces salaries exemption from PIT	$3.0	$1,134.8	96.1%
36	sale & use of agricultural implements & farm tractors deduction	$3.0	$1,137.8	96.4%
37	solar market development credit	$2.7	$1,140.5	96.6%
38	apportionment election for single sales	$2.3	$1,142.8	96.8%
39	food stamps exemption	$2.3	$1,145.1	97.0%
40	sale of software development services deduction	$2.2	$1,147.4	97.2%
41	solar energy systems deduction	$2.2	$1,149.6	97.4%
42	TIDD dedicated increments (state share}	$2.1	$1,151.7	97.6%
43	commercial carrier vehicles operating near border exempt from trip tax and WDT	$2.1	$1,153.7	97.8%
44	disabled person exempt. From MVX	$2.0	$1,155.7	97.9%
45	persons 65 or over or blind exemption from PIT	$1.8	$1,157.6	98.1%

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FY15 Tax Expenditure Costs Sorted from High to Low

Rank	Tax Expenditure	FY 2015 (in millions)	Cumulative ($0,000s)	Cumulative Percent
46	sale & use of aircraft deduction	$1.8	$1,159.4	98.2%
47	special needs adopted child credit	$1.7	$1,161.1	98.4%
48	laboratory partnership w small business credit	$1.7	$1,162.8	98.5%
49	vegetable oil or animal fat deduction from special fuel excise	$1.6	$1,164.4	98.7%
50	non-athletic special event at NMSU deduction	$1.5	$1,165.9	98.8%
51	sales to state-chartered credit unions deduction	$1.5	$1,167.4	98.9%
52	disabled military veteran exempt. From MVX	$1.4	$1,168.7	99.0%
53	conveyance of land for conservation credit	$1.3	$1,170.0	99.1%
54	education trust fund payment deduction	$1.2	$1,171.2	99.2%
55	nonprofit organizations fundraisers deduction	$1.1	$1,172.3	99.3%
56	one-way haul rate differential from WDT	$1.1	$1,173.4	99.4%
57	microbreweries & small wineries	$1.0	$1,174.3	99.5%
58	affordable housing credit	$0.7	$1,175.0	99.6%
59	low income property tax rebate	$0.6	$1,175.6	99.6%
60	geothermal heat pump credit	$0.5	$1,176.2	99.7%
61	rural job credit	$0.5	$1,176.7	99.7%
62	child care credit for PIT	$0.5	$1,177.1	99.7%
63	border-zone trade-support co. deduction	$0.5	$1,177.6	99.8%
64	angel investment credit	$0.4	$1,178.0	99.8%
65	hosting world wide web deduction	$0.4	$1,178.3	99.8%
66	tax stamps rate differential	$0.3	$1,178.6	99.9%
67	publication sales deduction	$0.2	$1,178.8	99.9%
68	officiating at NM activities assoc events exemption	$0.2	$1,179.0	99.9%
69	preservation of cultural property credit	$0.2	$1,179.2	99.9%
70	buses operated by religious and nonprofits exemption from WDT	$0.2	$1,179.3	99.9%
71	investment management services deduction	$0.1	$1,179.5	99.9%
72	medical care savings account exemption from PIT	$0.1	$1,179.6	99.9%
73	sales to tax-exempt entities deduction from resources excise tax	$0.1	$1,179.7	100.0%
74	production or staging of professional contests deduction	$0.1	$1,179.8	100.0%
75	aircraft sales or services deduction	$0.1	$1,179.9	100.0%
76	corp-supported child care credit	$0.1	$1,180.0	100.0%
77	spaceport-related activities deduction	$0.1	$1,180.1	100.0%
78	biomass equipment and materials deduction	$0.1	$1,180.2	100.0%
79	national guard premiums paid for life insurance	$0.1	$1,180.2	100.0%
80	job mentorship credit	$0.0	$1,180.2	100.0%
81	disabled street vendors exemp.	$0.0	$1,180.2	100.0%
82	buses used for transportation of agricultural workers	$0.0	$1,180.2	100.0%
83	agriculture water conservation credit	$0.0	$1,180.3	100.0%
84	persons aged 100 or over exemption from PIT	$0.0	$1,180.3	100.0%
85	electric trans. & storage facility services deduct.	$0.0	$1,180.3	100.0%
86	organ donation deduction	$0.0	$1,180.3	100.0%
	TOTAL	**$1,180.3**	**$1,180.3**	**100.0%**

Sources: Taxation and Revenue Department - 2015 Tax Expenditure Report, Office of Superintendent of Insurance, LFC Files