



## General Fund Consensus Revenue Estimate

The Consensus Revenue Estimating Group (CREG), comprising 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. The recurring revenue update table presents a reconciliation of recurring revenues through the current revenue estimating cycle.

2021 Mid-Session Consensus General Fund Recurring Revenue Update (in millions)				
	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>
December 2020 Consensus	\$7,859.8	\$7,002.5	\$7,378.5	\$7,774.8
February 2021 Adjustments		\$192.1	\$169.6	\$142.8
<b>February 2021 Consensus</b>	<b>\$7,859.8</b>	<b>\$7,194.6</b>	<b>\$7,548.1</b>	<b>\$7,917.6</b>
Annual amount change	(\$149.6)	(\$666.0)	\$353.5	\$369.5
Annual percent change	-1.9%	-8.5%	4.9%	4.9%
<u>Distributions to Tax Stabilization Reserve</u>				
December 2020 Consensus	\$448.3	\$52.9	\$49.3	\$48.2
February 2021 Consensus	\$448.3	\$140.6	\$126.0	\$75.7
Adjustment from Prior	\$0.0	\$87.7	\$76.7	\$27.5

Note: Parentheses ( ) denotes a negative number; General fund amounts above do not include oil and gas emergency school tax revenues in excess of the five-year average distributed to the tax stabilization reserve.

## Summary

Recurring revenues for FY21 are estimated at \$7.194 billion, a decline of \$666 million, or 8.5 percent, from FY20. The estimate is up \$192.1 million from the December 2020 estimate, due primarily to recovering oil prices and a more positive economic outlook given the rollout of viable Covid-19 vaccines.

Recurring revenues for FY22 are estimated at \$7.548 billion, up \$169.6 million from the December 2020 estimate. “New money,” defined as projected recurring revenues for the following fiscal year less current year recurring appropriations, is estimated at \$338.6 million for FY22, or 2.3 percent growth from the FY21 recurring budget.

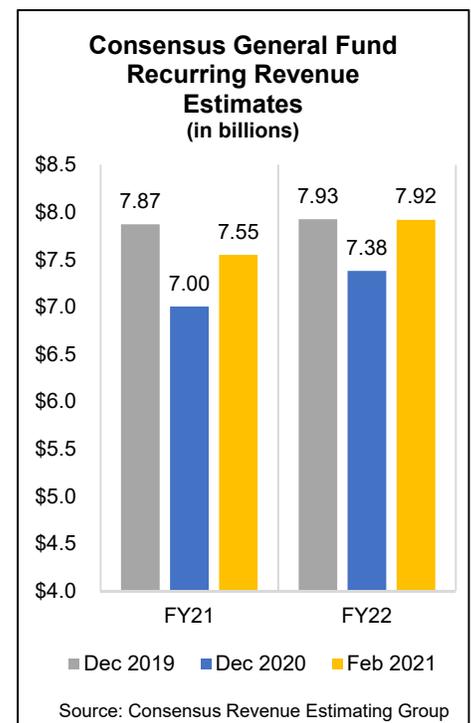
The general fund financial summary shown in Attachment 1 illustrates the impact of the February 2021 revenue estimates on reserve levels. Ending reserve balances for FY21 are estimated to be \$2.733 billion, or 37.9 percent of recurring appropriations, prior to any legislative action in the 2021 session.

## Economic Forecast

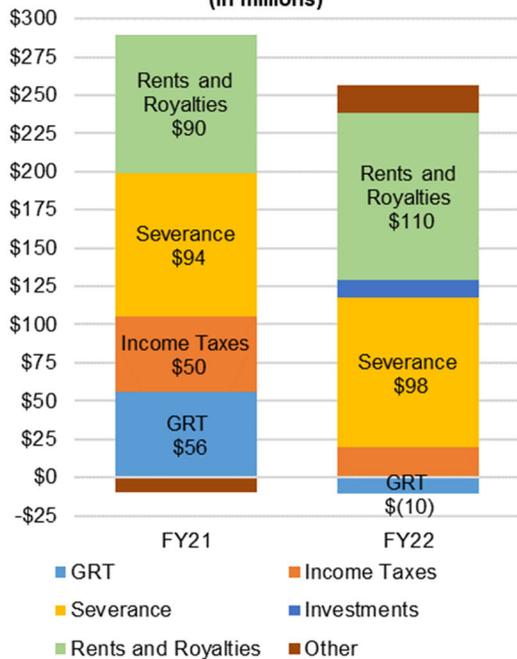
LFC and TRD economists use national data from IHS Markit and local data from the University of New Mexico Bureau of Business and Economic Research (BBER) to develop the economic assumptions on which the forecast is based. DFA Economists use national forecast data from Moody’s Analytics. Selected economic indicators from these forecasts are shown in Attachment 5.

### United States

Although improving from a trough in April, economic activity across the country has yet to recover to pre-pandemic levels. The economic forecast is



**FY21 Recurring Revenue Changes,  
Change from December 2020  
estimate, by Income Source  
(in millions)**



\*Severance tax amounts include effects on general fund revenue and school tax distributions to the tax stabilization reserve in excess of the five-year average

characterized by the further deceleration of economic growth as consumer spending has stalled, corporate debt remains high, restaurants are empty, hotel revenues have plateaued, airport passenger traffic has turned lower, and job postings remain well below average.

Still, there are some signs of improvement in the economy. The 7-day average of daily COVID-19 infections is estimated to have peaked in the US in mid-January before receding, in part due to vaccine distribution. Widespread inoculation of the population with an effective vaccine is projected to be achieved over the summer, largely improving the economic outlook by the third quarter of 2021. Additionally, Congress passed a \$900 billion stimulus package in December that was not included in the previous revenue estimate, providing additional income and business supports.

A number of factors, namely the possibility of further stimulus and the path of the virus, leaves significant uncertainty in the outlook. For example, a significant federal stimulus package could bolster consumption and significantly affect revenue estimates by increasing gross receipts and motivating oil demand, but could also discourage employment recovery through enhanced unemployment benefits. The baseline scenario for IHS Markit assumes no new federal stimulus while Moody's Analytics assumes a \$1.9 trillion stimulus package in the first quarter of 2021. Both IHS Markit and Moody's do not include another U.S. recession in their baseline forecast. Yet, it is possible for economic conditions to result in a

second or prolonged recession that reverses the most recent economic progress (see *Recession Risk* discussion on page 5).

### New Mexico

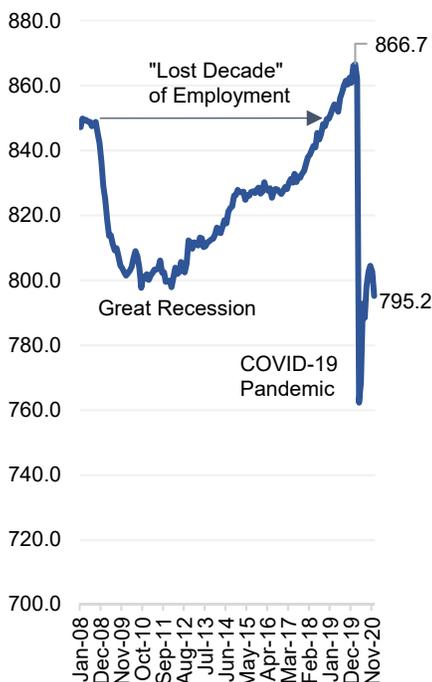
The state's economic outlook is similarly tied to the success in fighting Covid-19. After continued employment growth in 2019 (12,700 jobs or 1.5 percent), the pandemic arrived and, according to preliminary employer survey data from the Bureau of Labor Statistics (BLS), New Mexico employment is estimated to have contracted 10.7 percent year-over-year in April before recovering to a loss of an estimated 8.2 percent in December.

BBER estimates the state lost 87.4 thousand jobs, year-over-year, in the second quarter of 2020 with nearly half of all losses experienced in accommodations and food services (29.4 thousand jobs, or 34 percent), trade (10 thousand jobs, or 11.5 percent), and mining (6.5 thousand jobs, or 6.5 percent). Although unemployment had fallen through November to 7.2 percent, an economic slow-down and new shut-down orders resulted in December unemployment climbing again to 8.2 percent. According to preliminary data from BLS, the state has regained roughly 54 percent of the jobs lost from March to April. BBER estimates the New Mexico economy will experience slower but steady economic growth through the forecast period, with employment reaching pre-pandemic levels in 2023.

### Oil and Gas Industry Impacts

The impact on general fund revenues related to oil and gas activity accounts for about 75 percent of the increase in expected general fund revenues above

**New Mexico Total Nonfarm  
Employment**



Source: Bureau of Labor Statistics (seasonally adjusted)

the December 2020 estimate. It is important to note that this is primarily due to market forces of recovering oil and gas prices as well as production levels in the fourth quarter of 2020 that did not decline as previously expected and actually demonstrated considerable growth above the third quarter.

The December 2020 oil price estimate for FY21 averaged \$38.00/bbl for New Mexico, in line with expectations at the time from IHS Markit, Moody's Analytics, the U.S. Energy Information Administration, and NYMEX futures. Since then, oil prices have rallied considerably following the rollout of viable Covid-19 vaccines, fueling bullish expectations for oil demand recovery. West Texas Intermediate (WTI) oil prices rose above \$50/bbl in early January 2021, and, as of this writing, WTI prices are nearing \$60/bbl. New Mexico oil prices are generally about \$3/bbl below WTI prices.

The rally in prices significantly increases the amount of revenue generated to the general fund through severance taxes and royalty payments. As shown in the sidebar chart on page 2, these two revenue sources account for most of the growth in the estimate over the December forecast.

Additionally, the December forecast expected production declines in the fourth quarter of 2020, as projected by most major energy analytics firms. However, daily oil production increased in both October and November, rising to over 1.1 million barrels per day and nearing the peak reached in March 2020. Natural gas production more than recovered the losses from the second quarter of 2020, with current daily production exceeding previous peaks.

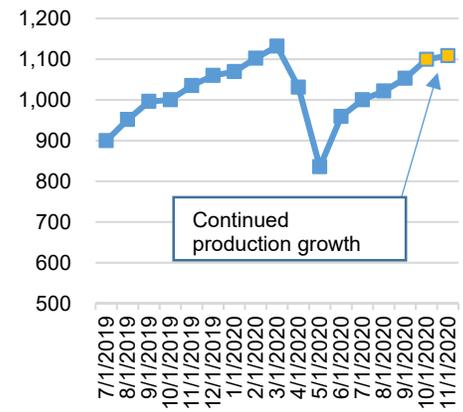
FY	2020	2021	2022
	Actual	Forecast	Forecast
Gross Oil Price (\$/bbl)	44.01	43.50	47.00
Oil Volume (MMbbls)	368	370	370
Gross Natural Gas Price (\$/mcf)	1.90	2.45	2.70
Net Natural Gas Price (\$/mcf)*	1.01	1.55	1.75
Natural Gas Volume (bcf)	1,829	1,830	1,830

\* Net prices are based on the taxable value of the product after deductions for transportation, processing, and royalties

Both drilling and completion activity in the Permian basin picked up in the fourth quarter, and completions exceeded the number of newly drilled wells. More completions than drilled wells indicates producers are reducing inventories of drilled-but-uncompleted (DUC) wells. Given the production recovery and prices above \$50/bbl for the second half of the fiscal year, the state would be on track to exceed total FY20 oil and natural gas production in FY21 and continue growth thereafter.

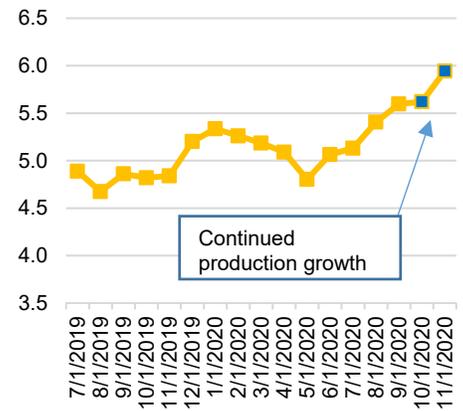
However, in January 2021, two federal orders were issued affecting leases and new drilling permits on federal lands. The revenue estimate considers the impact of these orders. While these orders alone are not expected to considerably affect production in the short-term, they create considerable uncertainty within the industry and risk to the forecast should the orders be extended or expanded. Recognizing the uncertainty, the consensus estimate holds the oil and natural gas production estimates flat for the forecast period (whereas, without the orders, the estimates would have projected

**New Mexico Average Daily Oil Production (millions of barrels)**



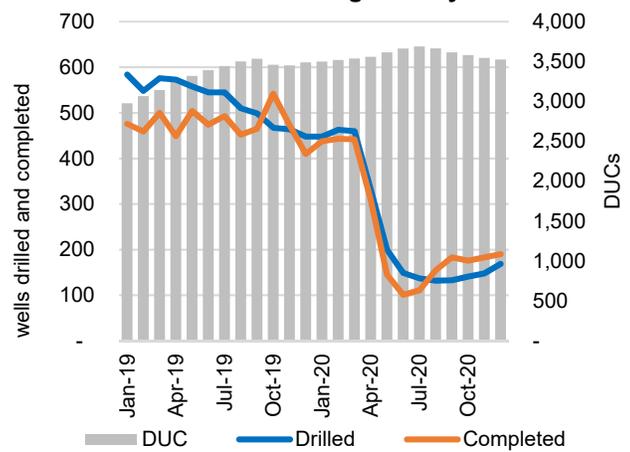
Source: TRD's GenTax Reports

**New Mexico Average Daily Natural Gas Production (millions of barrels)**

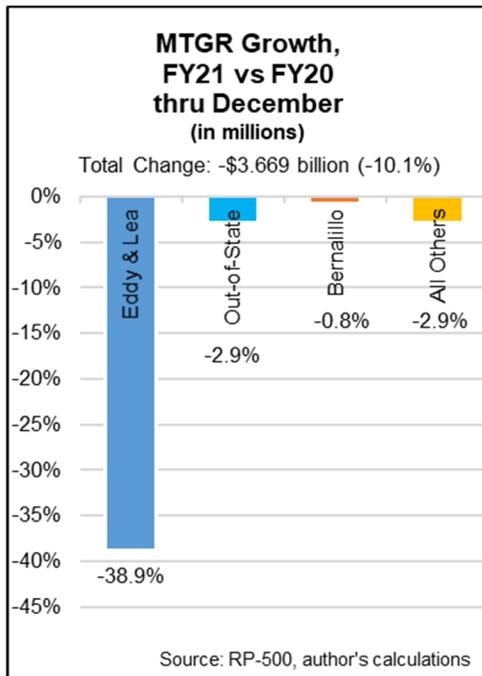


Source: TRD's GenTax Reports

**Permian Drilling Activity**



Source: EIA



continued production growth) and the estimate considers losses to federal bonus payments on land lease sales in 2021. See pages 5 and 7 for additional discussion regarding these federal orders.

With stronger prices and without expected production declines in the fourth quarter of 2020, the current revenue estimate increases FY21 expected revenue from production taxes by \$93.9 million and expected federal royalty revenue by \$90.3 million. For the production taxes, most of the change in expected revenues will affect the distribution to the tax stabilization reserve (TSR) of the excess oil and gas school tax revenue above the five-year average. TSR distributions are estimated to total \$140.6 million in FY21, up from the \$52.9 million estimated in December.

### Gross Receipts Taxes

Total GRT collections in FY21 are projected to be 14.3 percent (\$421.7 million) below FY20 collections – this is up from the 16 percent decline in projected GRT in December due to an improved economic outlook given the rollout of a viable vaccine. Declines in drilling-related receipts in Eddy and Lea counties and out-of-state continue to be the primary driver for projected reductions in GRT revenue collections in FY21.

Matched taxable gross receipts (MTGR) – taxable gross receipts matched to tax payments, which best represent overall economic activity in the state compared with other tax data – in Eddy and Lea counties are down 38.9 percent in FY21 through December. In addition to MTGR declines in the mining industry, these two counties continue to account for large portions of the year-to-date declines in construction, manufacturing, real estate, other services, transportation and warehousing, and wholesale trade.

<b>Matched Taxable Gross Receipts by Industry - FY21 vs FY20 thru December</b>			
<b>Industry</b>	<b>Matched Taxable Gross Receipts</b>	<b>Year-over-Year Growth</b>	<b>Year-over-Year Change</b>
Mining, Quarrying, and Oil and Gas Extraction	\$2,052,539,925	-\$1,570,499,077	-43.3%
Utilities	\$1,469,283,684	\$38,088,105	2.7%
Construction	\$4,148,369,569	-\$469,387,584	-10.2%
Manufacturing	\$933,413,105	-\$120,399,716	-11.4%
Wholesale Trade	\$1,327,725,186	-\$492,423,032	-27.1%
Retail Trade	\$8,068,197,378	\$466,150,275	6.1%
Transportation and Warehousing	\$342,077,792	-\$170,377,928	-33.2%
Information	\$988,409,297	-\$506,400,654	-33.9%
Real Estate and Rental and Leasing	\$852,377,377	-\$126,230,981	-12.9%
Professional, Scientific, and Technical Services	\$3,347,772,827	-\$5,406,456	-0.2%
Administrative/Support & Waste Management/Remediation	\$1,711,109,650	\$236,434,418	16.0%
Health Care and Social Assistance	\$1,948,002,977	\$223,811,297	13.0%
Leisure and Hospitality Services	\$1,989,054,805	-\$656,915,986	-24.8%
Other Industries	\$3,662,995,251	-\$515,855,814	-12.3%
<b>Total</b>	<b>\$32,841,328,822</b>	<b>-\$3,669,413,132</b>	<b>-10.1%</b>

Source: RP500

Gross receipts in leisure and hospitality services remain down 27.8 percent in December 2020 from the same month a year ago. Arts and recreation MTGR was down 56.6 percent in December, and accommodation and food services MTGR was down 25 percent. MTGR for in-state other services – which captures repair and maintenance services, personal care services (e.g. salons, barbershops, etc.), laundry services, and civic and religious organizations – was down 23 percent in December, a larger year-over-year decline than the 21 percent experienced in April following the initial statewide closures.

## Forecast Risks

### Oil and Natural Gas Market Dynamics

New Mexico’s dependence on the energy sector (see Attachment 13) makes oil market volatility one of the largest, most significant risks to the forecast – on the upside and the downside. Stronger-than-expected oil prices and the lack of production declines necessitate an upward revision to the December 2020 revenue estimate, particularly for severance taxes (mostly to the tax stabilization reserve) and federal royalty payments (to the general fund). However, given the volatile nature of the extractives industry, policymakers should proceed with caution before allocating these revenues to recurring budgets.

Notably, several outstanding risks could affect both oil prices and New Mexico’s production. First, WTI oil prices grew above \$50/bbl in January, and at the time of this writing were climbing toward \$60/bbl, due to optimistic expectations for global oil demand recovery given the rollout of several Covid-19 vaccines. However, if oil demand in the spring and summer months falls short of expectations, prices could correct to lower levels. Alternatively, if oil prices end the fiscal year closer to \$60/bbl, revenue collections could come in above the current forecast.

Second, the recent federal orders (see sidebar) regarding leases and permitting on federal lands create significant uncertainty for oil and gas producers in the state. Effectively, the resulting uncertainty tempers the upward pressure on production caused by higher prices, and the full extent of the impact on production is currently unknown. Revenue estimators accounted for these competing pressures in the current forecast by holding production estimates flat for the forecast period (whereas the estimate would have otherwise projected continued growth).

However, if the production impact of the recent federal orders is more or less than expected within the forecast, revenues could come in higher or lower than projected. See page 7 for stress testing of the revenue estimate based on potential alternative outcomes regarding the federal lands orders.

### Recession Risks Linger

IHS Markit and Moody’s baseline economic forecasts do not assume a return to recession within the forecast period. The baseline forecasts are the underpinnings for the consensus revenue forecast, so that risk is similarly excluded from the revenue projections.

However, the pessimistic scenarios used in the sensitivity analysis assume a the U.S. economy returns to recession in 2021 and experiences a slower

#### Executive Orders – Leasing and Permitting on Federal Lands

On January 20, 2021, the Department of Interior (DOI) issued Order No. 3395 (“DOI 3395”), which placed a 60-day restriction the ability of delegates of authority to grant new rights of way (ROW), easements, and permits to drill on federal lands. However, non-delegates and department heads may continue to take these actions.

Separately, on January 27, 2021, President Biden issued Executive Order 14008 (“EO 14008”) pausing the issuance of any new federal land leases pending a comprehensive federal review.

Both orders will negatively affect short-term and long-term operations within New Mexico; however, the impacts are very difficult to quantify.

In anticipation of a change in the federal administration, operators secured hundreds of federal drilling permits, and there are thousands of drilled-but-uncompleted (DUCs) wells in the Permian basin (see Attachment 8 on page 18).

Enverus and Rystad Energy report this inventory of drilling permits and DUCs is sufficient to sustain current operations for a period of one-to-three years.

However, DOI 3395 will affect short-term operations on existing federal land leases insofar as operators experience delays or interference in obtaining necessary ROWs and easements to connect drilled wells to a pipeline. Additionally, DOI 3395 creates significant uncertainty within the industry on whether and how the order could be extended or expanded after the 60-day period.

Separately, the most direct, short-term impact of EO 14008 would be lost revenues from the federal land lease sales that occur four times per year. Should the April, June, and October 2021 scheduled lease sales not occur, it will result in an estimated \$12 million loss to the general fund in FY22.

### Effect of Changes in Oil and Gas Prices and Volumes

Based on projected FY21 direct oil and gas revenues (severance taxes and federal royalties):

- A \$1 change in the annual average NM price of oil has about a \$22 million impact on the general fund;
- A 10 cent change in the annual average NM price of natural gas has about a \$11 million impact on the general fund;
- Each additional million barrels of oil generates about \$2.5 million for the general fund; and
- Each additional 10 billion cubic feet of natural gas generates about \$1.5 million for the general fund.

However, these general rules do not consider other indirect impacts of prices and production changes on the general fund, such as gross receipts tax revenue from drilling activity or income taxes from production companies and their employees.

recovery due to a lack of fiscal stimulus, a possible upturn in new cases, hospitalizations, and deaths, and new containment measures resulting in declines in consumer spending. Under these scenarios, the recovery could take significantly longer, with previous-peak U.S. GDP not reached until 2022, half a year later than currently expected. For New Mexico, this scenario could result in job recovery slowing even more than in the baseline, with the pessimistic forecast expecting 12.3 thousand jobs fewer than the pre-pandemic peak by the end of the forecast period in 2026, or more than 3 years later than in the baseline.

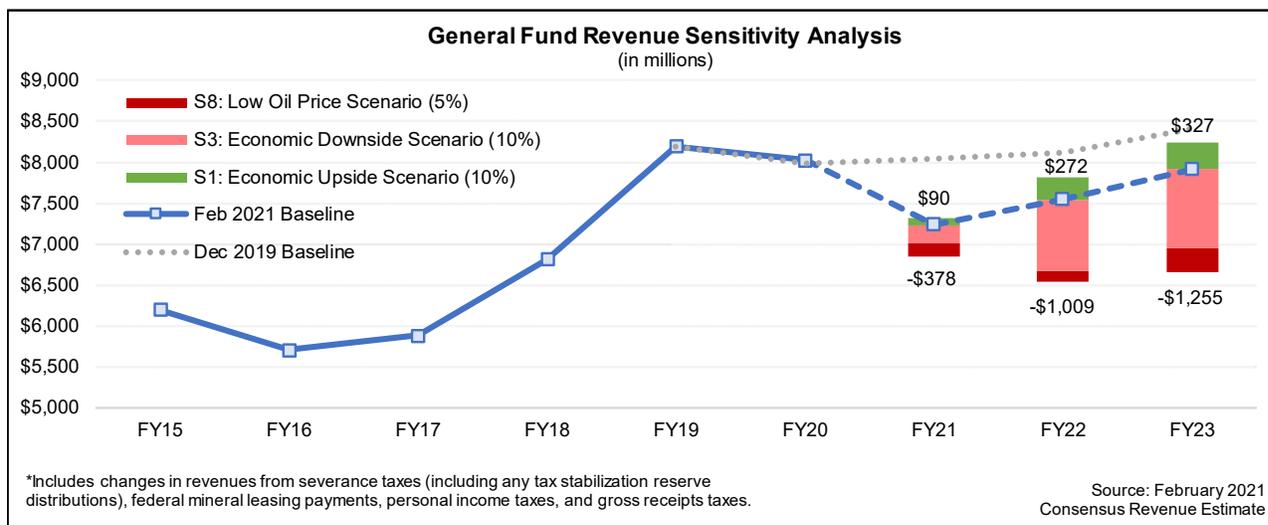
**Other Forecast Risks.** Additional forecast risks include potential for uncapped growth in film tax credit payments to New Mexico film partners, outstanding tax protest claims at TRD that could result in large general fund losses if decided in favor of the taxpayer, and the local government lawsuit against TRD regarding claw backs for certain distributions.

### Stress Testing the Revenue Estimate

While the revenue forecast inherently faces upside and downside risk, stress testing helps the Legislature prepare for these risks by looking at a range of alternative outcomes and putting the current estimates within the context of historical trends. These sensitivity and trend analyses can be used to help determine target reserve levels and inform the recurring budget process.

### Sensitivity Analysis

The sensitivity analysis was conducted using alternative macroeconomic scenarios from Moody’s Analytics – an economic upside (S1), economic downside (S3), and low-oil price scenario (S8). The CREG used these



Scenario	S8: Low Oil Price			S3: Economic Downside			S1: Economic Upside		
	FY21	FY22	FY23	FY21	FY22	FY23	FY21	FY22	FY23
Severance Taxes to GF	-\$7	-\$208	-\$298	-\$3	-\$204	-\$205	\$1	\$9	\$24
Severance Taxes to TSR	-\$131	-\$126	-\$76	-\$67	-\$126	-\$76	\$24	\$70	\$68
Federal Mineral Leasing	-\$136	-\$296	-\$382	-\$50	-\$283	-\$340	\$30	\$76	\$106
Gross Receipts Taxes	-\$62	-\$250	-\$340	-\$57	-\$146	-\$163	\$4	\$60	\$72
Personal Income Taxes	-\$42	-\$129	-\$160	-\$46	-\$113	-\$184	\$30	\$58	\$56
Total Difference from Baseline	-\$378	-\$1,009	-\$1,255	-\$224	-\$872	-\$967	\$90	\$272	\$327

Note: in millions

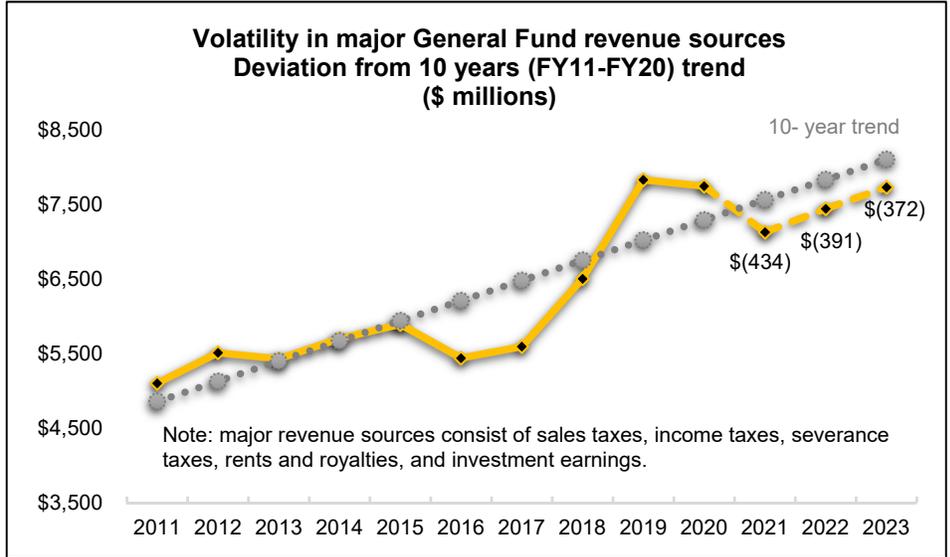
scenarios to determine the sensitivity of the state’s largest revenue sources – including severance taxes, federal mineral leasing payments, personal income taxes, and gross receipts taxes – to the scenarios’ changes in the forecast’s underlying assumptions (see Attachment 13).

**Trend Analysis**

In addition to the above sensitivity analyses, CREG established a trend analysis framework to analyze the sustainability of current estimates. The CREG calculated a 10-year trend for major revenues by source and compared current revenue estimates against that trend, to identify outlier revenues and years.

**Above-Trend Growth Followed by Below-Trend Declines.**

The trend analysis demonstrates the variation in New Mexico’s major sources of revenue: gross receipts taxes, income taxes, severance taxes, investment income, and rents and royalty payments. Using historical data from these sources for FY11 to FY20, a 10-year trend line is carried forward through FY23, demonstrating the irregularity of FY19 and FY20 revenues.



With the updated consensus forecast, revenues are still projected to be below trend for FY21-FY23. Attachment 17 shows each revenue source’s difference from the respective 10-year trend. The most volatility is in GRT (due to sensitivity to oil and gas drilling activity) and federal royalty revenues.

**Alternative Outcomes of Federal Lands Orders**

The current revenue estimate considers the potential impact of the recent executive orders concerning leasing and permitting on federal lands (see discussion on page 5). However, given the significant uncertainty created by these orders, particularly on whether they may be extended or expanded in the future, it is necessary to consider potential alternative outcomes to the state’s revenues should any federal orders lead to declines in oil and gas production.

The uncertainty on the future of federal land leasing and permitting creates an indirect impact on operators’ investment decisions; however, the effect is impossible to quantify. To the extent drilling rigs and investment plans are moved out of the state, either in the short-run or long-run, there will be lost GRT revenue and a negative effect on production potential, as well as the potential for job losses.

**IHS Markit Scenarios of Potential Federal Permit and Drilling Bans**

To date, no definitive action has been implemented banning federal permits or drilling operations indefinitely; however, IHS Markit has identified three potential scenarios that focus on the BoneSpring and Wolfcamp portions of the Permian Basin (large portions of which are in New Mexico.)

Should either a permit ban or drilling ban pass, operators will be forced to shift rigs from their federal to their nonfederal leaseholds.

Under the “no ban scenario”, production in these areas would continue to grow exceeding 1 million barrels per day (bpd) and 3 million bpd, respectively, by 2030.

Under the “permit ban scenario”, IHS assumes existing permits (about 2,000) are used to continue drilling activity for 3 to 4 years. Bone Spring and Wolfcamp production will steadily grow to 800 thousand bpd and 2.6 million bpd through 2024, respectively, following the same trend as a no-ban scenario. Growth will slow, however, once all permitted wells are drilled. Notably, production will reach similar levels to a “No ban scenario” as operators shift rig activity to nonfederal land.

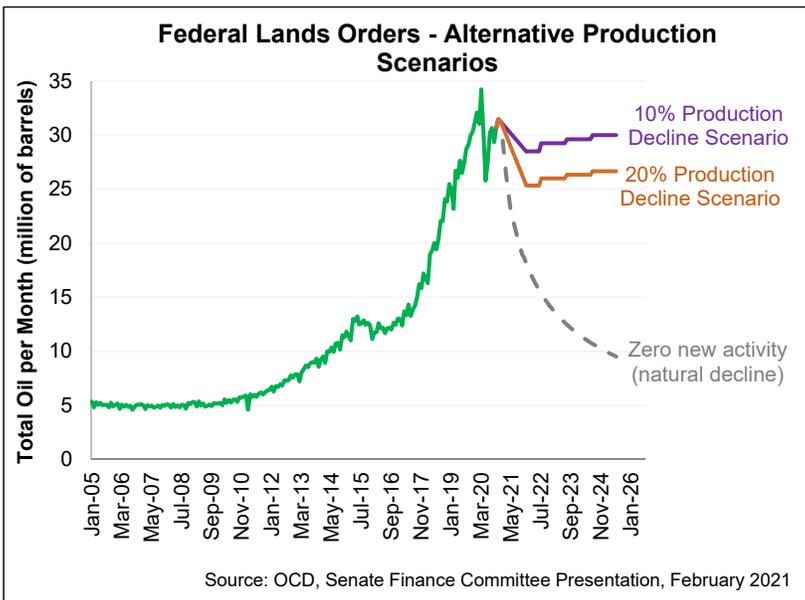
Under the “drilling ban scenario”, assuming no drilling on federal acreage, no new permits indefinitely, and existing permits are revoked, total Bone Spring and Wolfcamp production would drop about 10 percent below the production in the “no ban scenario”.

Source: IHS Markit, February 2021

At this point, it is unclear whether losses would be an opportunity cost to the state – resulting less growth than could have otherwise been achieved – or whether there would be actual declines from current levels of production, GRT, and employment.

Notably, the primary risk to the state’s production is if the federal government issues a full-scale ban on issuing new drilling permits following the expiration of the current 60-day DOI 3995 order (see page 7). According to IHS Markit, a permitting ban may potentially slow production in the near term, particularly volumes from New Mexico’s portion of the Permian Basin. Similarly, Rystad Energy states the most severe implications of a potential fracking ban on federal lands would be observed in New Mexico’s portion of the Permian Delaware basin.

In public testimony to the Senate Finance Committee on February 3, 2021, the Oil Conservation Division presented two alternative scenarios of potential production changes that could result from the federal orders – one that assumes a 10 percent decline in oil production and another that considers a 20 percent decline, as shown in the chart below.



Using these scenarios, CREG economists estimated the potential losses in gross receipts taxes, severance taxes, and federal mineral leasing payments could be \$33.5 million to \$43 million, this fiscal year.<sup>1</sup> Beyond FY21, the negative general fund impacts would grow because of reduced production. Revenues under these scenarios could decline between \$130 million and \$235 million in FY22, and between \$172 million and \$306 million in FY23.

Under the 10 percent decline scenario, the state general fund could experience a cumulative decline of about \$709 million from these revenue sources in FY21-FY25. Under the 20 percent decline scenario, the state general fund could experience a cumulative decline of about \$1.2 billion from FY21-FY25.

The consensus forecast does not expect the federal orders (as they currently exist) to have substantial negative impacts to production or revenue collections in the short-term. However, the best way for the state to prepare for the risk of extensions or expansions of the orders is to carefully consider these risks when determining recurring budgets and by maintaining healthy reserves to shore up any unexpected changes in revenue collections. In the long run, the state can best protect itself by exercising caution when determining recurring spending levels and by engaging in long-term planning to address the potential range of outcomes.

<sup>1</sup> This analysis holds commodity prices flat and does not include impacts to other general fund revenue sources that could also be negatively impacted. The analysis also does not consider the negative effects on employment and labor income that could result, directly or indirectly, in the industry or in related sectors across the state’s economy.

**General Fund Financial Summary:**  
**2021 Mid-Session Consensus Revenue Update**  
(millions of dollars)

February 14, 2021 3:53 PM	Actual Unaudited FY2020	Estimate FY2021	Estimate FY2022
<b>APPROPRIATION ACCOUNT</b>			
<b>REVENUE</b>			
Recurring Revenue			
December 2020 Consensus Revenue Forecast	\$ 7,859.3	\$ 7,002.5	\$ 7,378.5
February 2021 Mid-Session Update		\$ 192.1	\$ 169.6
<b>Total Recurring Revenue</b>	<b>\$ 7,859.3</b>	<b>\$ 7,194.6</b>	<b>\$ 7,548.1</b>
<i>Percent Change in Recurring Revenue</i>	<i>-1.9%</i>	<i>-8.5%</i>	<i>4.9%</i>
Nonrecurring Revenue			
June 2020 Special Session Legislation (SB5 Sweeps) <sup>2</sup>	\$ 28.8	\$ -	
June 2020 Special Session Legislation (SB5 Road Swaps) <sup>2</sup>	\$ 75.0		
December 2020 Preliminary Update	\$ 37.0	\$ 17.0	
Enhanced FMAP/Medicaid Reversion	\$ 135.4		
Transfers/offsets from Coronavirus Relief Fund	\$ 46.2		
Federal Stimulus Funds	\$ -	\$ 750.0	
February 2021 Mid-Session Update		\$ 45.8	
<b>Total Nonrecurring Revenue</b>	<b>\$ 322.3</b>	<b>\$ 812.8</b>	
<b>TOTAL REVENUE</b>	<b>\$ 8,181.6</b>	<b>\$ 8,007.4</b>	<b>\$ 7,548.1</b>
<b>APPROPRIATIONS</b>			
Recurring Appropriations			
2018 Session Legislation & Feed Bill	\$ -	\$ -	FY22 New Money: \$485.2 million or 6.9%
2019 Session Legislation & Feed Bill	\$ 7,085.3	\$ -	
2020 Regular Session Legislation & Feed Bill	\$ 6.8	\$ 7,621.4	
2020 Special Session Solvency Savings <sup>2</sup>	\$ -	\$ (411.9)	
<b>Total Recurring Appropriations</b>	<b>\$ 7,092.1</b>	<b>\$ 7,209.5</b>	
2020 Special Session Federal Funds Swaps	\$ -	\$ (146.6)	FY22 New Money less Fed Funds Swap: \$338.6 million or 4.7%
<b>Total Operating Budget</b>	<b>\$ 7,092.1</b>	<b>\$ 7,062.9</b>	
Nonrecurring Appropriations			
2019 Session Nonrecurring Appropriations <sup>1</sup>	\$ 431.9	\$ -	
2020 Session Nonrecurring Appropriations & Legislation	\$ 506.3	\$ 320.0	
2020 First Special Session Solvency Savings <sup>2</sup>	\$ (104.8)	\$ (20.0)	
2020 Second Special Session Appropriations	\$ -	\$ 329.2	
<b>Total Nonrecurring Appropriations</b>	<b>\$ 833.4</b>	<b>\$ 629.2</b>	
<b>Subtotal Recurring and Nonrecurring Appropriations</b>	<b>\$ 7,925.5</b>	<b>\$ 7,692.1</b>	
Audit Adjustments			
2020 GAA Undistributed Nonrecurring Appropriations <sup>3</sup>	\$ (259.5)	\$ 259.5	
2019 GAA Undistributed Nonrecurring Appropriations <sup>4</sup>	\$ (2.1)		
<b>TOTAL APPROPRIATIONS</b>	<b>\$ 7,663.9</b>	<b>\$ 7,951.6</b>	
Transfer to (from) Reserves	\$ 517.7	\$ 55.8	
<b>GENERAL FUND RESERVES</b>			
Beginning Balances	\$ 1,834.1	\$ 2,513.5	
Transfers from (to) Appropriations Account	\$ 517.7	\$ 55.8	
Revenue and Reversions	\$ 240.5	\$ 228.0	
Appropriations, Expenditures and Transfers Out	\$ (78.9)	\$ (54.6)	
<b>Ending Balances</b>	<b>\$ 2,513.5</b>	<b>\$ 2,732.7</b>	
<i>Reserves as a Percent of Recurring Appropriations</i>	<i>35.4%</i>	<i>37.9%</i>	

**Notes:**

- 1) Laws 2019, Chapter 271 (HB2) contained \$31 million in appropriations contingent on the consensus forecast amount presented in August 2019 for FY19 exceeding \$7.62 billion. Contingent appropriations include up to \$15 million to the Economic Development Department for LEDA projects, up to \$11 million to the Department of Transportation for road projects, and up to \$5 million to the Higher Education Department to replenish the college affordability endowment
- 2) Laws 2020 First Special Session, Chapter 3 and Chapter 5
- 3) Many nonrecurring appropriations, including specials and supplementals in the 2020 GAA, had authorization to spend in FY20 or FY21 - amounts that were not allotted in FY20 become encumbrances for FY21
- 4) Includes special appropriations of the 2019 GAA that had authorization to spend in FY19 or FY20 but were never requested for allotment by the agency - includes \$350K State Engineer, \$500K Office of Military Base Planning and Support, and \$1.2M Department of Finance and Administration

\* Note: totals may not foot due to rounding

**General Fund Financial Summary:**  
**2021 Mid-Session Consensus Revenue Update**  
**RESERVE DETAIL**  
(millions of dollars)

February 14, 2021 3:53 PM	Actual Unaudited FY2020	Estimate FY2021	Estimate FY2022
<b>OPERATING RESERVE</b>			
Beginning Balance	\$ 486.3	\$ 507.2	\$ 557.3
BOF Emergency Appropriations/Reversions	\$ (2.0)	\$ (2.5)	\$ (2.0)
Transfers from/to Appropriation Account	\$ 517.7	\$ 55.8	\$ -
Transfers to Tax Stabilization Reserve	\$ (448.3)	\$ -	\$ -
Disaster Allotments <sup>1</sup>	\$ (46.6)	\$ (3.2)	\$ -
Transfer from (to) ACF/Other Appropriations	\$ -	\$ -	\$ -
Transfers from tax stabilization reserve <sup>5,6</sup>	\$ -	\$ -	\$ -
Ending Balance	\$ 507.2	\$ 557.3	\$ 555.3
<b>APPROPRIATION CONTINGENCY FUND</b>			
Beginning Balance	\$ 11.7	\$ 8.7	\$ 0.7
Disaster Allotments	\$ (13.3)	\$ (16.0)	\$ (16.0)
Other Appropriations	\$ -	\$ -	\$ -
Transfers In	\$ 2.0	\$ -	\$ -
Revenue and Reversions	\$ 8.3	\$ 8.0	\$ 8.0
Ending Balance <sup>2</sup>	\$ 8.7	\$ 0.7	\$ (7.3)
<b>STATE SUPPORT FUND</b>			
Beginning Balance	\$ 19.1	\$ 29.1	\$ 39.0
Revenues <sup>3,7</sup>	\$ 10.0	\$ 9.9	\$ -
Appropriations	\$ -	\$ -	\$ -
Ending Balance	\$ 29.1	\$ 39.0	\$ 39.0
<b>TOBACCO SETTLEMENT PERMANENT FUND (TSPF)</b>			
Beginning Balance	\$ 228.6	\$ 241.3	\$ 251.4
Transfers In <sup>4</sup>	\$ 33.9	\$ 32.9	\$ 12.0
Appropriation to Tobacco Settlement Program Fund <sup>4</sup>	\$ (17.0)	\$ (32.9)	\$ (12.0)
Gains/Losses	\$ (4.2)	\$ 10.1	\$ 13.8
Additional Transfers to/from TSPF	\$ -	\$ -	\$ -
Ending Balance	\$ 241.3	\$ 251.4	\$ 265.3
<b>TAX STABILIZATION RESERVE (RAINY DAY FUND)</b>			
Beginning Balance	\$ 1,088.3	\$ 1,727.0	\$ 1,884.2
Revenues from Excess Oil and Gas Emergency School Tax	\$ 166.1	\$ 140.6	\$ 126.0
Gains/Losses	\$ 24.3	\$ 26.4	\$ 76.6
Transfers In (From Operating Reserve)	\$ 448.3	\$ -	\$ -
Transfer Out to Operating Reserve <sup>5,6</sup>	\$ -	\$ -	\$ -
Pre-Audit Adjustments <sup>7</sup>	\$ -	\$ (9.9)	\$ -
Ending Balance	\$ 1,727.0	\$ 1,884.2	\$ 2,086.8
<i>Percent of Recurring Appropriations</i>	<i>24.4%</i>	<i>26.1%</i>	
<b>TOTAL GENERAL FUND ENDING BALANCES</b>	<b>\$ 2,513.5</b>	<b>\$ 2,732.7</b>	
<i>Percent of Recurring Appropriations</i>	<i>35.4%</i>	<i>37.9%</i>	

**Notes:**

- 1) DFA using operating reserve to cover disaster allotments due to low balance in the appropriation contingency fund. Includes \$35.5 million for COVID-19 related
- 2) Low balance in the Appropriation Contingency Fund is insufficient to cover disaster allotments, requiring an appropriation to the fund.
- 3) Laws 2019, Chapter 271 (HB2) contained a \$10 million appropriation to the state support reserve fund
- 4) DFA and LFC estimate \$12 million in TSPF revenue due to expected arbitration ruling to affect FY22; LFC assumes legislation will be proposed to use 100% of revenue for tobacco program fund.
- 5) Laws 2020, Chapter 34 (House Bill 341) transfers from the tax stabilization reserve to the operating reserve if operating reserve balances are below one percent of appropriations, up to an amount necessary for the operating reserve to be at least one percent of total appropriations for the current year.
- 6) Special Session Laws 2020, Chapter 5 (HB1, Section 15-B) authorized a transfer of up to \$750 million from the tax stabilization reserve to the operating reserve if FY21 revenues fall short of FY21 appropriations
- 7) Laws 2020 First Special Session, Chapter 5 (HB1) sent FY20 reversions from the SEG to the state support reserve fund, but reversion was incidentally sent to the wrong fund; therefore, correction was made in FY21 to transfer funds to the correct reserve bucket.

\* Note: totals may not foot due to rounding

General Fund Consensus Revenue Estimate - 2021 Mid-Session Update

Revenue Source	FY21					FY22					FY23				
	Dec 2020 Est.	Feb 2021 Est.	Change from Prior (Dec. 20)	% Change from FY20	\$ Change from FY20	Dec 2020 Est.	Feb 2021 Est.	Change from Prior (Dec. 20)	% Change from FY21	\$ Change from FY21	Dec 2020 Est.	Feb 2021 Est.	Change from Prior (Dec. 20)	% Change from FY22	\$ Change from FY22
<i>Base Gross Receipts Tax</i>	2,586.3	2,643.0	56.7	-14.9%	(461.1)	2,680.9	2,674.3	(6.6)	1.2%	31.3	2,818.3	2,777.7	(40.6)	3.9%	103.4
<i>F&amp;M Hold Harmless Payments</i>	(121.6)	(122.5)	(0.9)	-24.4%	39.5	(108.9)	(112.7)	(3.8)	-8.1%	9.9	(97.9)	(103.8)	(5.9)	-7.9%	8.9
NET Gross Receipts Tax	2,464.7	2,520.5	55.8	-14.3%	(421.7)	2,572.0	2,561.7	(10.4)	1.6%	41.2	2,720.4	2,673.9	(46.4)	4.4%	112.3
Compensating Tax	53.2	54.3	1.2	-14.5%	(9.2)	37.1	55.0	17.9	1.2%	0.6	39.0	57.1	18.1	3.9%	2.1
<b>TOTAL GENERAL SALES</b>	<b>2,517.9</b>	<b>2,574.8</b>	<b>56.9</b>	<b>-14.3%</b>	<b>(430.8)</b>	<b>2,609.1</b>	<b>2,616.6</b>	<b>7.6</b>	<b>1.6%</b>	<b>41.8</b>	<b>2,759.3</b>	<b>2,731.0</b>	<b>(28.3)</b>	<b>4.4%</b>	<b>114.4</b>
Tobacco Taxes	91.5	91.5	-	3.0%	2.7	87.1	87.1	-	-4.8%	(4.4)	86.1	86.1	-	-1.1%	(1.0)
Liquor Excise	24.9	24.9	-	1.2%	0.3	24.5	24.5	-	-1.6%	(0.4)	24.7	24.7	-	0.8%	0.2
Insurance Taxes	230.8	230.8	-	-10.9%	(28.4)	246.1	246.1	-	6.6%	15.3	261.7	261.7	-	6.3%	15.6
Fire Protection Fund Reversion	12.0	12.0	-	#DIV/0!	12.0	12.0	12.0	-	0.0%	-	12.5	12.5	-	4.2%	0.5
Motor Vehicle Excise	156.3	156.3	-	13.5%	18.5	130.3	130.3	-	-16.6%	(26.0)	134.6	134.6	-	3.3%	4.3
Gaming Excise	19.2	8.5	(10.7)	-81.5%	(37.5)	64.0	64.0	-	652.9%	55.5	65.2	65.2	-	1.9%	1.2
Leased Vehicle & Other	4.3	4.3	-	-32.2%	(2.0)	5.7	5.7	-	32.6%	1.4	5.9	5.9	-	3.5%	0.2
<b>TOTAL SELECTIVE SALES</b>	<b>539.0</b>	<b>528.3</b>	<b>(10.7)</b>	<b>-6.1%</b>	<b>(34.4)</b>	<b>569.7</b>	<b>569.7</b>	<b>-</b>	<b>7.8%</b>	<b>41.4</b>	<b>590.7</b>	<b>590.7</b>	<b>-</b>	<b>3.7%</b>	<b>21.0</b>
Personal Income Tax	1,570.6	1,587.1	16.6	-6.2%	(104.7)	1,669.9	1,667.2	(2.7)	5.0%	80.1	1,770.4	1,760.2	(10.2)	2.4%	93.0
<i>Gross Corporate Income Tax</i>	101.6	134.5	32.9	-3.6%	(5.0)	119.8	142.1	22.3	5.7%	7.6	129.6	154.6	25.0	8.8%	12.5
<i>CIT Refundable Credits</i>	(83.1)	(83.1)	-	8.9%	(6.8)	(99.8)	(99.8)	-	20.1%	(16.7)	(146.6)	(146.6)	-	46.9%	(46.8)
NET Corporate Income Tax	18.5	51.4	32.9	-18.7%	(11.8)	20.0	42.3	22.3	-17.7%	(9.1)	(17.0)	8.0	25.0	-81.2%	(34.3)
<b>TOTAL INCOME TAXES</b>	<b>1,589.1</b>	<b>1,638.5</b>	<b>49.5</b>	<b>-6.6%</b>	<b>(116.5)</b>	<b>1,689.9</b>	<b>1,709.5</b>	<b>19.6</b>	<b>4.3%</b>	<b>71.0</b>	<b>1,753.4</b>	<b>1,768.2</b>	<b>14.8</b>	<b>3.4%</b>	<b>58.7</b>
<i>Gross Oil and Gas School Tax</i>	473.3	561.0	87.7	1.1%	6.2	517.0	611.2	94.2	8.9%	50.2	558.4	622.3	63.9	1.8%	11.1
<i>Excess to Tax Stabilization Reserve</i>	(52.9)	(140.6)	(87.7)	-15.4%	25.5	(49.3)	(126.0)	(76.7)	-10.4%	14.6	(48.2)	(75.7)	27.5	-39.9%	(50.3)
NET Oil & Gas School Tax	420.4	420.4	(0.0)	8.2%	31.7	467.7	485.2	17.5	15.4%	64.8	510.3	546.6	36.3	12.7%	61.4
Oil Conservation Tax	24.7	29.5	4.8	0.0%	(0.0)	27.0	31.9	4.9	8.1%	2.4	29.1	32.5	3.4	1.9%	0.6
Resources Excise Tax	6.7	6.7	-	-6.3%	(0.4)	7.7	7.7	-	14.9%	1.0	7.5	7.5	-	-2.6%	(0.2)
Natural Gas Processors Tax	8.2	9.6	1.4	-35.0%	(5.2)	9.6	8.2	(1.4)	-14.6%	(1.4)	11.6	11.6	-	41.5%	3.4
<b>TOTAL SEVERANCE TAXES</b>	<b>460.0</b>	<b>466.2</b>	<b>6.2</b>	<b>5.9%</b>	<b>26.1</b>	<b>512.0</b>	<b>533.0</b>	<b>21.0</b>	<b>14.3%</b>	<b>66.8</b>	<b>558.5</b>	<b>598.2</b>	<b>39.7</b>	<b>12.2%</b>	<b>65.2</b>
LICENSE FEES	52.7	52.7	-	4.5%	2.3	53.8	53.8	-	2.1%	1.1	54.1	54.1	-	0.5%	0.3
LGPFI Interest	719.9	719.9	-	6.9%	46.4	771.3	781.8	10.5	8.6%	61.9	817.8	848.3	30.5	8.5%	66.5
STO Interest	31.0	31.0	-	-66.2%	(60.8)	23.5	23.5	-	-24.2%	(7.5)	16.5	16.5	-	-29.8%	(7.0)
STPF Interest	234.0	234.0	-	3.9%	8.8	245.1	246.4	1.3	5.3%	12.4	254.2	259.1	4.9	5.2%	12.7
<b>TOTAL INTEREST</b>	<b>984.9</b>	<b>984.9</b>	<b>-</b>	<b>-0.6%</b>	<b>(5.6)</b>	<b>1,039.9</b>	<b>1,051.7</b>	<b>11.8</b>	<b>6.8%</b>	<b>66.8</b>	<b>1,088.5</b>	<b>1,123.9</b>	<b>35.4</b>	<b>6.9%</b>	<b>72.2</b>
<i>Gross Federal Mineral Leasing</i>	648.2	738.5	90.3	-9.6%	(78.7)	677.3	787.0	109.7	6.6%	48.5	750.0	831.2	81.2	5.6%	44.3
<i>Excess to Early Childhood Trust Fund</i>	-	-	n/a	n/a	n/a	-	-	-	n/a	n/a	-	-	-	n/a	n/a
NET Federal Mineral Leasing	648.2	738.5	90.3	-9.6%	(78.7)	677.3	787.0	109.7	6.6%	48.5	750.0	831.2	81.2	5.6%	44.3
State Land Office	59.4	59.4	-	-15.0%	(10.5)	60.2	60.2	-	1.3%	0.8	61.2	61.2	-	1.7%	1.0
<b>TOTAL RENTS &amp; ROYALTIES</b>	<b>707.6</b>	<b>797.9</b>	<b>90.3</b>	<b>-10.0%</b>	<b>(89.1)</b>	<b>737.5</b>	<b>847.2</b>	<b>109.7</b>	<b>6.2%</b>	<b>49.3</b>	<b>811.2</b>	<b>892.4</b>	<b>81.2</b>	<b>5.3%</b>	<b>45.3</b>
TRIBAL REVENUE SHARING	53.8	53.8	-	18.4%	8.4	68.6	68.6	-	27.6%	14.8	69.1	69.1	-	0.6%	0.4
MISCELLANEOUS RECEIPTS	47.5	47.5	-	11.5%	4.9	47.9	47.9	-	1.0%	0.5	40.0	40.0	-	-16.5%	(7.9)
REVERSIONS	50.0	50.0	-	-38.3%	(31.1)	50.0	50.0	-	0.0%	-	50.0	50.0	-	0.0%	-
<b>TOTAL RECURRING</b>	<b>7,002.5</b>	<b>7,194.6</b>	<b>192.1</b>	<b>-8.5%</b>	<b>(666.0)</b>	<b>7,378.5</b>	<b>7,548.1</b>	<b>169.6</b>	<b>4.9%</b>	<b>353.5</b>	<b>7,774.8</b>	<b>7,917.6</b>	<b>142.8</b>	<b>4.9%</b>	<b>369.5</b>
TOTAL NONRECURRING	17.0	62.8	45.8	-80.5%	(259.5)	-	-	-	n/a	(62.8)	-	-	-	n/a	-
<b>GRAND TOTAL General Fund</b>	<b>7,019.5</b>	<b>7,257.4</b>	<b>238.0</b>	<b>-11.3%</b>	<b>(925.5)</b>	<b>7,378.5</b>	<b>7,548.1</b>	<b>169.6</b>	<b>4.0%</b>	<b>290.7</b>	<b>7,774.8</b>	<b>7,917.6</b>	<b>142.8</b>	<b>4.9%</b>	<b>369.5</b>
Total Including Reserve Distributions	7,072.4	7,398.0	325.6	-11.4%	(951.0)	7,427.8	7,674.1	246.3	3.7%	276.1	7,823.0	7,993.3	115.3	4.2%	319.2

Note: Columns in blue show difference between December 2020 Consensus Revenue Estimate and February 2021 Consensus Revenue Estimate

Note: Columns in red show year-over-year growth expected in the February 2021 Consensus Revenue Estimate

General Fund Consensus Revenue Estimate - 2021 Mid-Session Update

Revenue Source	FY24					FY25				
	Dec 2020 Est.	Feb 2021 Est.	Change from Prior (Dec. 20)	% Change from FY23	\$ Change from FY23	Dec 2020 Est.	Feb 2021 Est.	Change from Prior (Dec. 20)	% Change from FY24	\$ Change from FY24
<i>Base Gross Receipts Tax</i>	2,917.4	2,880.6	(36.8)	3.7%	102.9	3,043.4	2,982.0	(61.4)	3.5%	101.4
<i>F&amp;M Hold Harmless Payments</i>	(86.6)	(94.5)	(7.9)	-9.0%	9.3	(74.7)	(84.8)	(10.1)	-10.3%	9.7
NET Gross Receipts Tax	2,830.8	2,786.1	(44.7)	4.2%	112.2	2,968.7	2,897.2	(71.5)	4.0%	111.1
Compensating Tax	40.3	59.2	18.9	3.7%	2.1	42.1	61.3	19.2	3.5%	2.1
<b>TOTAL GENERAL SALES</b>	<b>2,871.1</b>	<b>2,845.3</b>	<b>(25.8)</b>	<b>4.2%</b>	<b>114.3</b>	<b>3,010.8</b>	<b>2,958.5</b>	<b>(52.2)</b>	<b>4.0%</b>	<b>113.2</b>
Tobacco Taxes	84.9	84.9	-	-1.4%	(1.2)	83.4	83.4	-	-1.8%	(1.5)
Liquor Excise	24.9	24.9	-	0.8%	0.2	25.0	25.0	-	0.4%	0.1
Insurance Taxes	278.8	278.8	-	6.5%	17.1	294.4	294.4	-	5.6%	15.6
Fire Protection Fund Reversion	13.0	13.0	-	4.0%	0.5	13.5	13.5	-	3.8%	0.5
Motor Vehicle Excise	140.2	140.2	-	4.2%	5.6	145.2	145.2	-	3.6%	5.0
Gaming Excise	64.7	64.7	-	-0.8%	(0.5)	64.1	64.1	-	-0.9%	(0.6)
Leased Vehicle & Other	5.9	5.9	-	0.0%	-	5.6	5.6	-	-5.1%	(0.3)
<b>TOTAL SELECTIVE SALES</b>	<b>612.4</b>	<b>612.4</b>	<b>-</b>	<b>3.7%</b>	<b>21.7</b>	<b>631.2</b>	<b>631.2</b>	<b>-</b>	<b>3.1%</b>	<b>18.8</b>
Personal Income Tax	1,847.9	1,828.3	(19.5)	2.4%	68.1	1,914.1	1,895.2	(18.8)	2.4%	66.9
<i>Gross Corporate Income Tax</i>	133.5	164.2	30.7	6.2%	9.6	139.4	175.6	36.2	6.9%	11.4
<i>CIT Refundable Credits</i>	(150.5)	(150.5)	-	2.6%	(3.9)	(153.5)	(153.5)	-	2.0%	(3.0)
NET Corporate Income Tax	(17.0)	13.7	30.7	71.9%	5.7	(14.1)	22.1	36.2	61.3%	8.4
<b>TOTAL INCOME TAXES</b>	<b>1,830.9</b>	<b>1,842.0</b>	<b>11.2</b>	<b>4.2%</b>	<b>73.8</b>	<b>1,900.0</b>	<b>1,917.3</b>	<b>17.4</b>	<b>4.1%</b>	<b>75.3</b>
<i>Gross Oil and Gas School Tax</i>	591.2	631.7	40.5	1.5%	9.4	630.1	643.8	13.7	1.9%	12.1
<i>Excess to Tax Stabilization Reserve</i>	(59.4)	(50.8)	8.6	-32.9%	(24.9)	(91.2)	(47.6)	(43.6)	-6.3%	(3.2)
NET Oil & Gas School Tax	531.8	580.9	49.1	6.3%	34.3	539.0	596.2	57.2	2.6%	15.3
Oil Conservation Tax	30.7	32.9	2.2	1.2%	0.4	32.7	33.5	0.8	1.8%	0.6
Resources Excise Tax	7.6	7.6	-	1.3%	0.1	7.7	7.7	-	1.3%	0.1
Natural Gas Processors' Tax	11.8	11.8	-	1.7%	0.2	12.0	12.0	-	1.7%	0.2
<b>TOTAL SEVERANCE TAXES</b>	<b>581.9</b>	<b>633.2</b>	<b>51.3</b>	<b>5.9%</b>	<b>35.0</b>	<b>591.4</b>	<b>649.4</b>	<b>58.0</b>	<b>2.6%</b>	<b>16.2</b>
LICENSE FEES	54.5	54.5	-	0.7%	0.4	55.1	55.1	-	1.0%	0.5
LGPF Interest	844.2	908.2	64.0	7.1%	59.9	879.4	981.8	102.4	8.1%	73.6
STO Interest	19.4	19.4	-	17.6%	2.9	19.4	19.4	-	0.0%	-
STPF Interest	257.1	269.2	12.1	3.9%	10.1	261.9	282.4	20.5	4.9%	13.2
<b>TOTAL INTEREST</b>	<b>1,120.7</b>	<b>1,196.8</b>	<b>76.1</b>	<b>6.5%</b>	<b>72.9</b>	<b>1,160.7</b>	<b>1,283.6</b>	<b>123.0</b>	<b>7.3%</b>	<b>86.8</b>
<i>Gross Federal Mineral Leasing</i>	796.8	845.2	48.4	1.7%	14.0	841.6	861.3	19.7	1.9%	16.1
<i>Excess to Early Childhood Trust Fund</i>	-	-	-	n/a	n/a	(35.7)	(35.7)	-	n/a	(35.7)
NET Federal Mineral Leasing	796.8	845.2	48.4	1.7%	14.0	805.9	825.6	19.7	-2.3%	(19.6)
State Land Office	62.4	62.4	-	2.0%	1.2	63.7	63.7	-	2.1%	1.3
<b>TOTAL RENTS &amp; ROYALTIES</b>	<b>859.2</b>	<b>907.6</b>	<b>48.4</b>	<b>1.7%</b>	<b>15.2</b>	<b>869.6</b>	<b>889.3</b>	<b>19.7</b>	<b>-2.0%</b>	<b>(18.3)</b>
TRIBAL REVENUE SHARING	70.2	70.2	-	1.6%	1.1	71.3	71.3	-	3.2%	1.1
MISCELLANEOUS RECEIPTS	39.2	39.2	-	-2.0%	(0.8)	39.1	39.1	-	-0.2%	(0.1)
REVERSIONS	50.0	50.0	-	0.0%	-	50.0	50.0	-	0.0%	-
<b>TOTAL RECURRING</b>	<b>8,090.1</b>	<b>8,251.2</b>	<b>161.2</b>	<b>4.2%</b>	<b>333.6</b>	<b>8,379.0</b>	<b>8,544.8</b>	<b>165.8</b>	<b>3.6%</b>	<b>293.6</b>
TOTAL NONRECURRING			-	n/a	-			-	n/a	-
<b>GRAND TOTAL General Fund</b>	<b>8,090.1</b>	<b>8,251.2</b>	<b>161.2</b>	<b>4.2%</b>	<b>333.6</b>	<b>8,379.0</b>	<b>8,544.8</b>	<b>165.8</b>	<b>3.6%</b>	<b>293.6</b>
Total Including Reserve Distributions	8,149.5	8,302.0	152.6	3.9%	308.7	8,470.2	8,592.4	122.3	3.5%	290.4

## FISCAL YEAR 2021 GENERAL FUND MONTHLY REVENUE TRACKING

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

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	ESTIMATED REVENUE ACCRUALS												FY21		TRACKING CHANGE	
	July Actual	Aug Actual	Sept Actual	Oct Actual	Nov Prelim.	Dec Est.	Jan Est.	Feb Est.	Mar Est.	Apr Est.	May Est.	June Est.	Actual + Estimate	FY21 Dec. Forecast	% Diff.	\$ Diff.
Gross Receipts Tax	220.5	226.8	205.6	226.1	207.9	261.5	176.3	183.4	200.1	206.8	206.4	199.2	2,520.6	2,464.7	2.3%	55.9
Compensating Tax	4.3	1.8	7.6	4.8	4.5	6.1	5.7	5.5	4.9	1.5	4.6	5.3	56.7	53.2	6.7%	3.5
<b>TOTAL GENERAL SALES TAXES</b>	<b>224.8</b>	<b>228.7</b>	<b>213.2</b>	<b>230.9</b>	212.5	267.6	182.0	188.9	205.0	208.3	211.0	204.5	2,577.3	2,517.9	2.4%	59.5
Tobacco Products & Cigarette Taxes	7.6	8.6	8.1	6.5	7.2	7.9	6.0	8.5	6.5	7.3	7.9	9.3	91.4	91.5	-0.1%	(0.1)
Liquor Excise Tax	1.7	2.5	2.1	2.2	2.2	2.6	1.6	1.7	2.1	2.0	2.1	2.5	25.1	24.9	0.9%	0.2
Insurance Premiums Tax	1.1	29.5	29.6	1.2	0.4	0.4	56.0	0.4	56.0	0.4	0.4	56.0	231.3	230.8	0.2%	0.5
Fire Protection Fund Reversion	-	-	-	-	-	-	-	-	-	-	-	12.0	12.0	12.0	0.0%	-
Motor Vehicle Excise Tax	15.6	14.5	14.7	15.0	11.4	11.4	12.4	10.8	13.8	12.8	13.2	13.3	158.8	156.3	1.6%	2.5
Gaming Excise Tax	0.0	0.0	0.0	0.0	2.0	2.1	2.1	2.1	2.3	2.2	2.3	2.1	17.2	19.2	-10.5%	(2.0)
Leased Vehicle Surcharge & Other	0.3	0.4	0.4	0.4	0.3	0.3	0.8	0.2	0.3	0.3	0.3	0.3	4.3	4.3	-0.4%	(0.0)
<b>TOTAL SELECTIVE SALES TAXES</b>	<b>26.3</b>	<b>55.4</b>	<b>55.0</b>	<b>25.2</b>	23.5	24.6	79.0	23.8	81.0	24.9	26.1	95.4	540.1	539.0	0.2%	1.1
Withholding	133.2	109.9	121.4	125.0	116.8	165.3	112.4	112.8	125.1	111.3	115.1	126.9	1,475.2	1,477.9	-0.2%	(2.7)
Final Settlements	27.3	65.8	22.6	0.4	36.4	13.1	19.0	39.1	164.0	25.6	62.1	45.0	520.2	519.9	0.1%	0.3
Oil and Gas Withholding Tax	4.8	5.3	14.4	2.8	2.5	10.2	4.5	8.2	14.1	20.2	5.0	14.0	106.1	102.1	3.9%	4.0
Fiduciary Tax	0.3	1.5	(0.8)	0.2	0.2	0.2	(0.7)	(0.1)	5.8	(0.0)	1.4	(1.1)	6.9	6.3	9.1%	0.6
<b>Gross Personal Income Tax</b>	<b>165.6</b>	<b>182.5</b>	<b>157.6</b>	<b>128.4</b>	155.9	188.8	135.2	160.0	309.1	157.1	183.6	184.7	2,108.4	2,106.1	0.1%	2.2
Transfer to PIT Suspense	(6.3)	(8.8)	(29.0)	(6.0)	(2.8)	(109.2)	(130.0)	(79.2)	(64.5)	(23.3)	(16.3)	(15.6)	(491.1)	(502.6)	-2.3%	11.5
Retiree Health Care	(2.7)	(2.7)	(2.7)	(2.7)	(2.7)	(2.7)	(2.7)	(2.7)	(2.7)	(2.7)	(2.7)	(2.7)	(32.9)	(32.9)	0.0%	0.0
<b>Less: Refunds, distributions to other funds</b>	<b>(9.0)</b>	<b>(11.5)</b>	<b>(31.7)</b>	<b>(8.8)</b>	(5.5)	(111.9)	(132.8)	(82.0)	(67.3)	(26.1)	(19.0)	(18.4)	(524.0)	(535.5)	-2.1%	11.5
<b>NET PERSONAL INCOME TAX</b>	<b>156.6</b>	<b>170.9</b>	<b>125.8</b>	<b>119.6</b>	150.4	76.9	2.4	78.0	241.8	131.0	164.6	166.3	1,584.3	1,570.6	0.9%	13.8
<b>CORPORATE INCOME TAX</b>	<b>19.1</b>	<b>(2.9)</b>	<b>13.4</b>	<b>12.8</b>	0.9	2.0	(3.7)	(1.9)	2.1	(4.5)	(5.1)	2.9	35.2	18.5	90.0%	16.7
<b>TOTAL INCOME TAXES</b>	<b>175.7</b>	<b>168.0</b>	<b>139.2</b>	<b>132.4</b>	151.3	79.0	(1.3)	76.1	243.9	126.5	159.5	169.3	1,619.5	1,589.1	1.9%	30.4
Oil and Gas School Tax	39.5	40.2	42.9	44.8	42.1	35.0	35.0	35.0	35.0	35.0	35.0	0.8	420.4	420.4	0.0%	0.0
Oil Conservation Tax	2.1	2.2	2.2	2.3	2.4	1.9	1.7	1.6	1.9	1.7	2.1	2.1	24.2	24.7	-1.9%	(0.5)
Resources Excise Tax	0.4	0.5	0.2	0.7	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	6.3	6.7	-5.6%	(0.4)
Natural Gas Processors Tax	0.8	0.9	0.9	0.9	0.7	0.7	0.7	0.6	0.7	0.7	0.7	0.7	8.8	8.2	7.9%	0.6
<b>TOTAL MINERAL PROD. TAXES</b>	<b>42.8</b>	<b>43.7</b>	<b>46.2</b>	<b>48.7</b>	45.7	38.2	38.0	37.9	38.2	38.0	38.3	4.1	459.8	460.0	0.0%	(0.2)
<b>LICENSE FEES</b>	<b>0.4</b>	<b>0.3</b>	<b>0.4</b>	<b>0.4</b>	2.2	7.9	4.0	4.3	7.5	13.3	2.6	2.9	46.1	52.7	-12.5%	(6.6)
Land Grant Perm. Fund Distributions	60.0	60.0	60.1	60.1	60.0	60.0	60.0	60.0	60.0	60.0	60.0	60.0	720.1	719.9	0.0%	0.2
State Treasurer's Earnings	3.5	0.5	1.1	(1.3)	2.5	2.1	(0.3)	3.4	3.4	3.4	3.4	3.4	25.0	31.0	-19.3%	(6.0)
Severance Tax Perm. Fund Distributions	19.5	19.5	19.5	19.5	19.5	19.5	19.5	19.5	19.5	19.5	19.5	19.5	234.0	234.0	0.0%	0.0
<b>TOTAL INVESTMENT EARNINGS</b>	<b>83.1</b>	<b>80.1</b>	<b>80.6</b>	<b>78.2</b>	82.0	81.6	79.2	82.9	82.9	82.9	82.9	82.9	979.2	984.9	-0.6%	(5.7)
Federal Mineral Leasing Royalties	14.1	31.4	39.2	108.7	57.4	50.5	66.2	52.1	52.1	52.1	52.1	68.9	644.9	648.2	-0.5%	(3.3)
State Land Office Bonuses, Rents	2.6	2.3	1.7	1.7	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9	55.2	59.4	-7.1%	(4.2)
<b>TOTAL RENTS &amp; ROYALTIES</b>	<b>16.7</b>	<b>33.6</b>	<b>40.9</b>	<b>110.4</b>	63.3	56.4	72.1	58.0	58.0	58.0	58.0	74.8	700.1	707.6	-1.1%	(7.5)
<b>TRIBAL REVENUE SHARING</b>	<b>0.0</b>	<b>0.1</b>	-	<b>7.5</b>	1.0	0.1	12.5	0.2	13.4	0.2	0.1	13.4	48.4	53.8	-10.0%	(5.4)
<b>MISCELLANEOUS RECEIPTS</b>	<b>0.4</b>	<b>0.8</b>	<b>0.6</b>	<b>0.9</b>	16.5	1.2	1.4	1.2	1.2	1.2	1.2	19.4	46.1	47.5	-2.9%	(1.4)
<b>REVERSIONS</b>	<b>0.0</b>	-	-	<b>1.3</b>	0.7	1.9	2.5	3.7	6.3	0.5	-	34.2	51.0	50.0	2.1%	1.0
<b>TOTAL RECURRING REVENUE</b>	<b>570.2</b>	<b>610.7</b>	<b>576.2</b>	<b>635.9</b>	598.6	558.3	469.3	476.8	737.3	553.7	579.8	700.9	7,067.7	7,002.5	0.9%	65.2
Non-Recurring	0.0	0.3	(0.1)	0.0	-	-	-	-	-	-	-	-	0.2	-	-	0.2
Additional Transfers *	-	-	-	-	-	-	-	-	-	-	-	17.0	17.0	17.0	-	-
<b>TOTAL NON-RECURRING REVENUE</b>	<b>0.0</b>	<b>0.3</b>	<b>(0.1)</b>	<b>0.0</b>	-	-	-	-	-	-	-	17.0	17.2	17.0	-	0.2
<b>GRAND TOTAL REVENUE</b>	<b>570.2</b>	<b>611.0</b>	<b>576.1</b>	<b>635.9</b>	598.6	558.3	469.3	476.8	737.3	553.7	579.8	717.9	7,084.9	7,019.5	0.9%	65.4

Estimates are developed by LFC and based on the consensus revenue estimate and historical monthly patterns.

\*Nonrecurring estimates for HB 349 from the 2020 regular session include \$2.9 million in reversions for general fund capital projects overfunded in the bill. Also includes \$14.1 million for FY20 fire protection fund reversion submitted too late for inclusion in FY20 audit..



# Legislative Finance Committee FINANCE FACTS

Understanding State Financial Policy

## General Fund Reserves

Because the New Mexico Constitution requires a balanced budget, state government maintains general fund reserves to cover any shortfalls if revenues are unexpectedly low or expenses are unexpectedly high. The general fund reserves are measured as a percentage of recurring appropriations – planned ongoing spending. They are made up of several distinct accounts: the operating reserve, tax stabilization reserve, appropriation contingency fund, and state support reserve fund.

### Operating Reserve

Revenues left at the end of the fiscal year are transferred to the operating reserve. If revenues come up short, the governor may transfer money from the operating reserve to cover authorized expenses. The amount the governor can transfer is capped by the Legislature each year in the General Appropriation Act. Once the operating reserve fund hits 8 percent of the prior budget year's recurring appropriations, the excess must be transferred to the tax stabilization reserve by law.

### Tax Stabilization Reserve

Money in the tax stabilization reserve may only be appropriated if (1) the governor declares it necessary because of a shortfall and the House and Senate approve it with a simple majority vote, or (2) two-thirds of both the House and Senate vote for it.

Additional funds are deposited into the tax stabilization reserve from the oil and gas emergency tax if annual revenue exceeds the five-year average income. This allows the state to capture windfall revenue from the oil and gas industry and moderate the volatility of that revenue source. Other state revenue that also spikes when the energy industry booms – including federal mineral leasing payments, trust land distributions, and gross receipts tax collections – are not captured.

Until 2017, revenue in the tax stabilization reserve in excess of a specified threshold was transferred to another fund for possible distribution to taxpayers. However, several years of depleted reserves prompted lawmakers to transform the tax stabilization into a true “rainy day” fund.

### Appropriation Contingency Fund

The Legislature authorizes revenue going in and out of the appropriation contingency fund. A limited amount of the rev-

enue in the fund can also be spent when the governor declares an emergency. The fund is mostly used to set aside money for use if certain circumstances come into play, such as the start-up of a new program moving faster than funded.

### State Support Fund

On the first day of each fiscal year, any balance in the public school district general obligation bonds loan fund over \$1 million is transferred state support reserve fund and can only be used to augment certain appropriations to the public schools.

### Tobacco Settlement Fund

The tobacco settlement permanent fund was created to hold payments to New Mexico from cigarette companies under the master settlement agreement of 1998. Under the enabling legislation, the settlement payments are split, with half going to the permanent fund and half spent directly on health and education programs. However, during economic hard times, the Legislature has temporarily suspended deposits into the permanent fund and put the entire amount into direct spending.

Money in the tobacco settlement permanent fund is invested by the State Investment Council and interest is credited to the fund. The Legislature may authorize spending from the fund for a budget shortfall only after balances in all other reserve accounts have been exhausted.

Excess revenue left in the general fund at the end of the year goes into the operating reserve.



Operating reserves exceeding 8 percent of the ongoing appropriations are transferred to the tax stabilization reserve.

Oil and gas school tax revenues exceeding the five-year average are transferred to the tax stabilization reserve.

### For More Information:

- The status of the New Mexico's reserve accounts can be found in the state's general fund financial summary, published on the State Board of Finance's website: [http://nmdfa.state.nm.us/Board\\_of\\_Finance.aspx](http://nmdfa.state.nm.us/Board_of_Finance.aspx)
- Statutes governing New Mexico's general fund reserves include 6-4-2.1, 6-4-2.2, 6-4-2.3, 6-4-4, 6-4-9, 7-1-6.61, 12-11-24, 22-8-31 NMSA 1978.

## U.S. and New Mexico Economic Indicators

		FY20		FY21		FY22		FY23		FY24	
		Dec 20 Forecast	Jan 21 Forecast								
<b>National Economic Indicators</b>											
IHS	US Real GDP Growth (annual avg., % YOY)*	-1.1	-1.1	0.6	<b>0.6</b>	2.2	<b>4.1</b>	2.6	<b>3.0</b>	2.7	<b>2.5</b>
Moody's	US Real GDP Growth (annual avg., % YOY)*	-1.1	-1.1	0.7	<b>0.7</b>	4.2	<b>4.2</b>	4.3	<b>4.3</b>	2.8	<b>2.8</b>
IHS	US Inflation Rate (CPI-U, annual avg., % YOY)**	1.6	<b>1.6</b>	1.7	<b>1.6</b>	2.6	<b>2.4</b>	2.4	<b>2.2</b>	2.1	<b>2.1</b>
Moody's	US Inflation Rate (CPI-U, annual avg., % YOY)**	1.6	<b>1.6</b>	1.4	<b>1.4</b>	2.3	<b>2.3</b>	2.7	<b>2.7</b>	2.6	<b>2.6</b>
IHS	Federal Funds Rate (%)	1.3	<b>1.3</b>	0.1	<b>0.1</b>	0.1	<b>0.1</b>	0.1	<b>0.1</b>	0.1	<b>0.1</b>
Moody's	Federal Funds Rate (%)	1.3	<b>1.3</b>	0.1	<b>0.1</b>	0.1	<b>0.1</b>	0.1	<b>0.1</b>	0.5	<b>0.5</b>
<b>New Mexico Labor Market and Income Data</b>											
BBER	NM Non-Agricultural Employment Growth (%)	-1.1	-1.3	-2.3	-2.6	1.4	<b>2.5</b>	1.5	<b>1.2</b>	1.4	<b>1.1</b>
Moody's	NM Non-Agricultural Employment Growth (%)	-1.2	-1.2	-4.4	-4.4	2.2	<b>2.2</b>	2.7	<b>2.7</b>	1.9	<b>1.9</b>
BBER	NM Nominal Personal Income Growth (%)**	4.2	<b>4.2</b>	4.8	<b>6.7</b>	0.0	<b>2.5</b>	2.6	-1.1	4.3	<b>4.4</b>
Moody's	NM Nominal Personal Income Growth (%)**	8.7	<b>8.7</b>	0.1	<b>0.1</b>	0.5	<b>0.5</b>	5.0	<b>5.0</b>	4.7	<b>4.7</b>
BBER	NM Total Wages & Salaries Growth (%)	3.1	<b>2.7</b>	1.3	<b>0.7</b>	3.9	<b>4.3</b>	4.4	<b>4.1</b>	4.5	<b>4.1</b>
Moody's	NM Total Wages & Salaries Growth (%)	3.3	<b>3.3</b>	0.4	<b>0.4</b>	3.3	<b>3.3</b>	4.7	<b>4.7</b>	5.3	<b>5.3</b>
BBER	NM Private Wages & Salaries Growth (%)	2.7	<b>2.3</b>	1.7	<b>1.4</b>	4.8	<b>5.1</b>	5.0	<b>4.6</b>	4.9	<b>4.5</b>
BBER	NM Real Gross State Product (% YOY)	1.6	<b>1.6</b>	-0.9	-0.1	2.3	<b>2.6</b>	2.0	<b>2.6</b>	1.9	<b>2.7</b>
Moody's	NM Real Gross State Product (% YOY)	0.3	<b>0.3</b>	-0.1	-0.1	3.3	<b>3.3</b>	3.9	<b>3.9</b>	2.5	<b>2.5</b>
CREG	NM Gross Oil Price (\$/barrel)	\$44.01	<b>\$44.01</b>	\$38.00	<b>\$43.50</b>	\$43.50	<b>\$47.00</b>	\$46.00	<b>\$48.50</b>	\$47.50	<b>\$49.00</b>
CREG	NM Net Oil Price (\$/barrel)*****	\$38.64	<b>\$38.64</b>	\$33.36	<b>\$38.19</b>	\$38.19	<b>\$41.27</b>	\$41.27	<b>\$42.58</b>	\$41.71	<b>\$43.02</b>
BBER	Oil Volumes (million barrels)	341.7	<b>368.0</b>	259.5	<b>363.2</b>	273.3	<b>375.5</b>	283.6	<b>391.6</b>	290.4	<b>403.7</b>
CREG	NM Taxable Oil Volumes (million barrels)	368.1	<b>368.1</b>	290.0	<b>370.0</b>	295.0	<b>370.0</b>	305.0	<b>370.0</b>	315.0	<b>370.0</b>
	NM Taxable Oil Volumes (%YOY growth)	22.0%	<b>22.0%</b>	-21.2%	<b>0.5%</b>	1.7%	<b>0.0%</b>	3.4%	<b>0.0%</b>	3.3%	<b>0.0%</b>
CREG	NM Gross Gas Price (\$ per thousand cubic feet)****	\$1.90	<b>\$1.90</b>	\$2.55	<b>\$2.45</b>	\$2.65	<b>\$2.70</b>	\$2.55	<b>\$2.65</b>	\$2.65	<b>\$2.70</b>
CREG	NM Net Gas Price (\$ per thousand cubic feet)*****	\$1.01	<b>\$1.01</b>	\$1.61	<b>\$1.75</b>	\$1.72	<b>\$1.69</b>	\$1.63	<b>\$1.75</b>	\$1.72	<b>\$1.75</b>
BBER	Gas Volumes (billion cubic feet)	1,711	<b>1,711</b>	1,342	<b>1,817</b>	1,393	<b>1,831</b>	1,424	<b>1,868</b>	1,458	<b>1,900</b>
CREG	NM Taxable Gas Volumes (billion cubic feet)	1,829	<b>1,829</b>	1,730	<b>1,830</b>	1,705	<b>1,830</b>	1,720	<b>1,830</b>	1,725	<b>1,830</b>
	NM Taxable Gas Volumes (%YOY growth)	17.0%	<b>17.0%</b>	-5.4%	<b>0.1%</b>	-1.4%	<b>0.0%</b>	0.9%	<b>0.0%</b>	0.3%	<b>0.0%</b>

**Notes**

\* Real GDP is BEA chained 2012 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 gross gas prices are estimated using a formula of NYMEX, EIA, and IHS Markit (November) future prices

\*\*\*\*\*The net oil and gas prices represent calculated prices based on taxable values of the product after deductions for transportation, processing, and royalties

Sources: BBER - October 2020 FOR-UNM baseline. IHS Global Insight - November 2020 baseline.

**DFA Notes**

\* Real GDP is BEA chained 2012 dollars, billions, annual rate

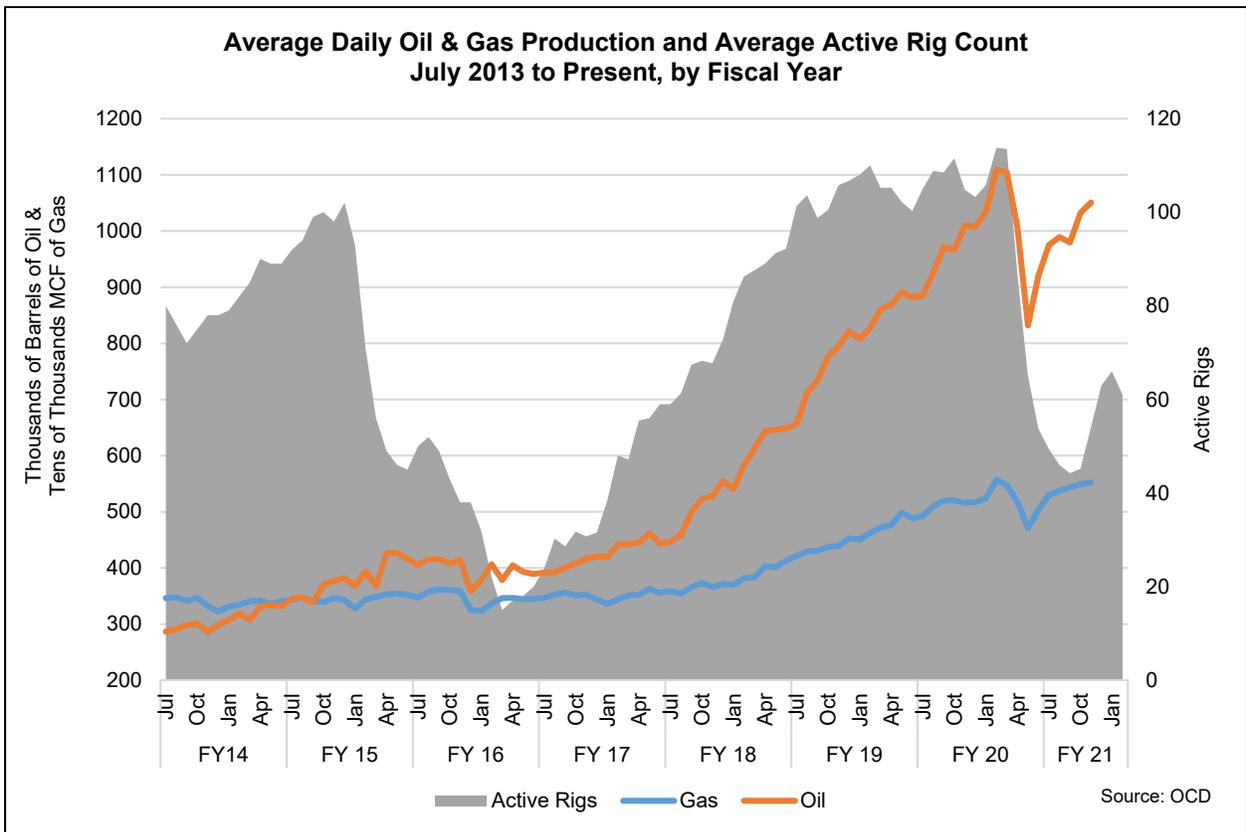
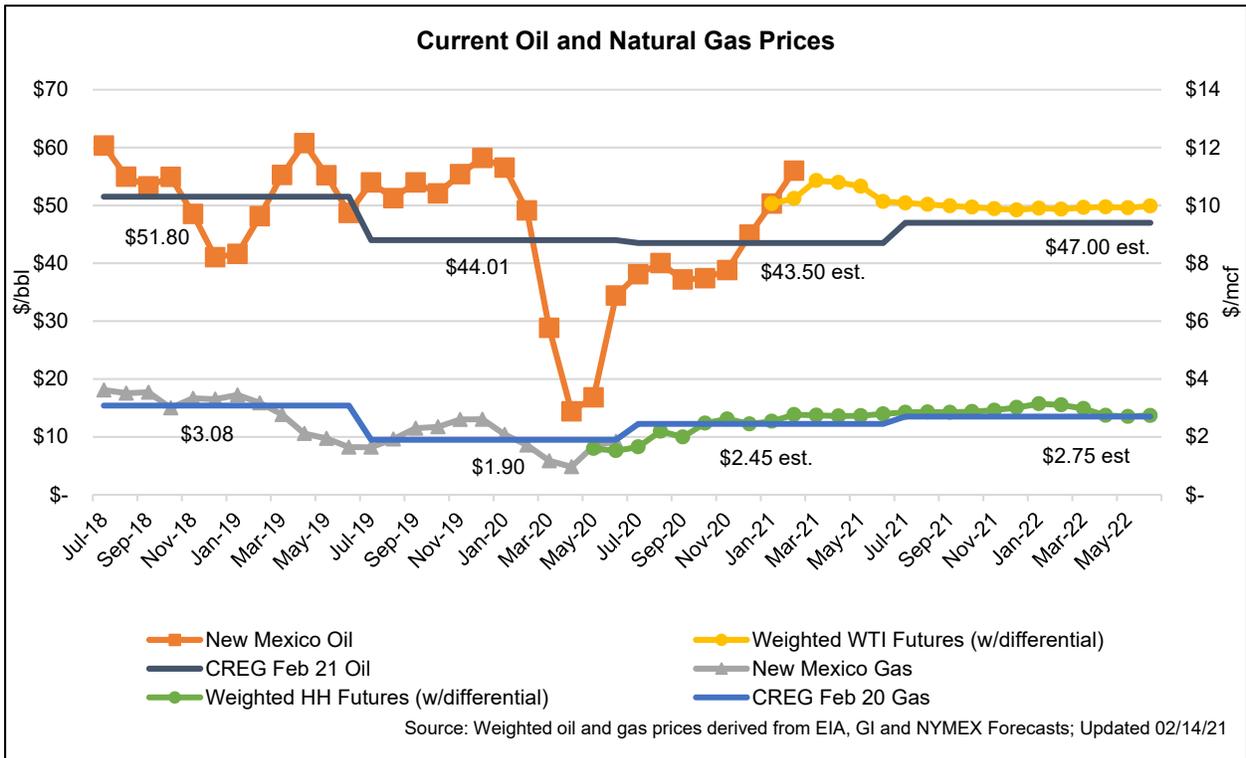
\*\* CPI is all urban, BLS 1982-84=1.00 base.

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

\*\*\*\*The gross gas prices are estimated using a formula of NYMEX, EIA, and Moody's January future prices

\*\*\*\*\*The net oil and gas prices represent calculated prices based on taxable values of the product after deductions for transportation, processing, and royalties

Sources: September 2020 Moody's economy.com baseline



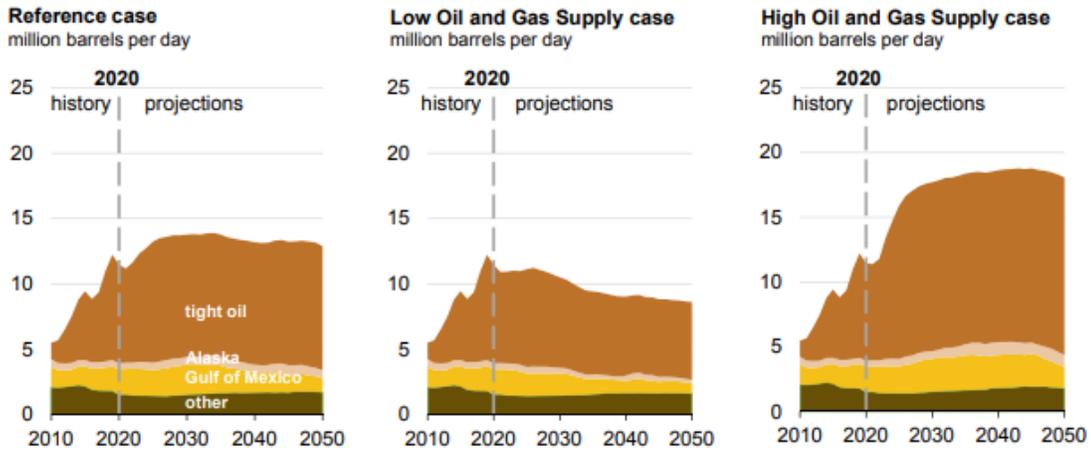
## Energy Information Administration – Annual Energy Outlook

The AEO2021 Reference case represents EIA’s best assessment of how U.S. and world energy markets will operate through 2050, based on key assumptions intended to provide a baseline for exploring long-term trends. Under the Reference case, U.S. oil production peaks in the 2030s. Under the “Low Oil and Gas Supply” case, U.S. oil production peaks in the mid-2020s.



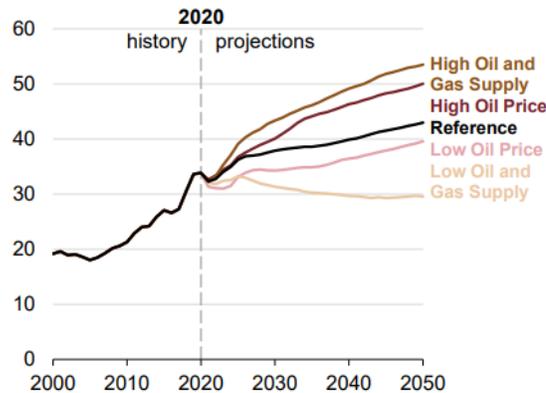
### U.S. crude oil production

U.S. crude oil production, AEO2021 oil and gas supply cases

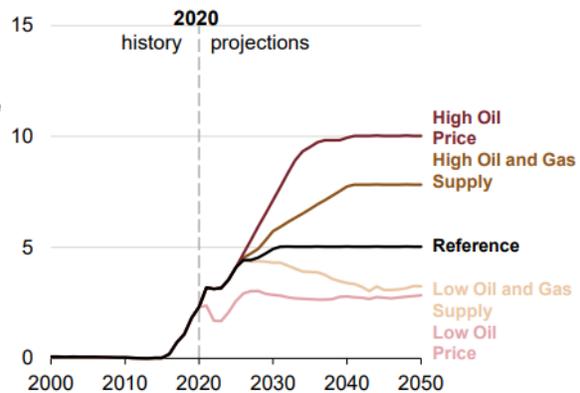


### Natural gas production grows significantly in most cases but with a wide range of outcomes

U.S. dry natural gas production  
AEO2021 oil and gas supply and price cases  
trillion cubic feet



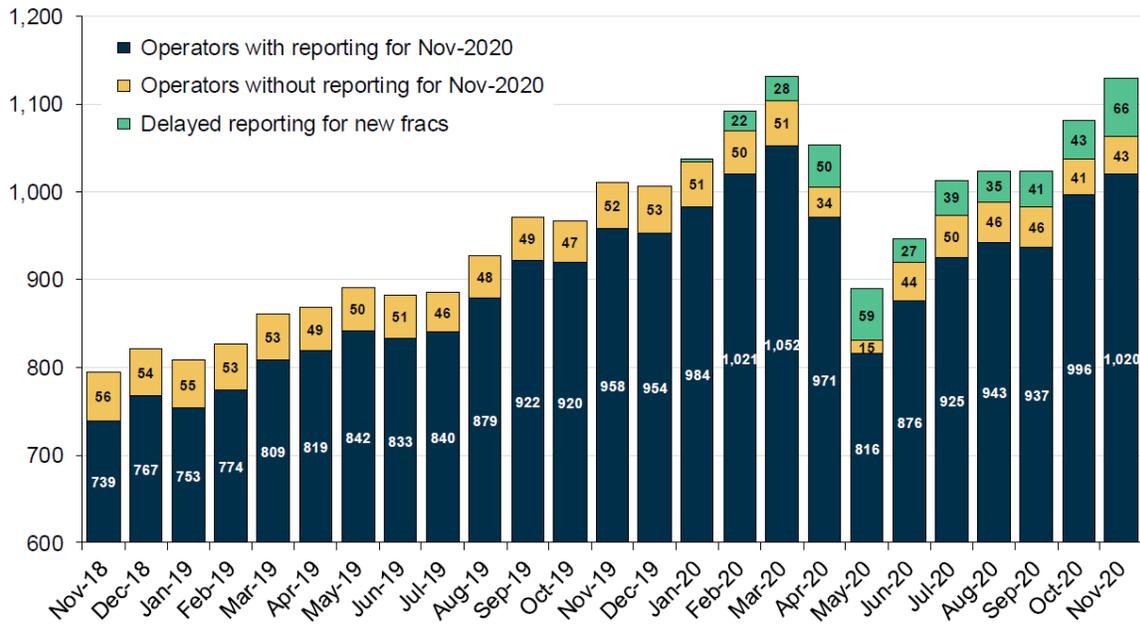
U.S. liquefied natural gas exports  
AEO2021 supply and price cases  
trillion cubic feet



### New Mexico Production and New Drilling Permits

#### New Mexico reported and estimated oil production by month

Thousand barrels per day

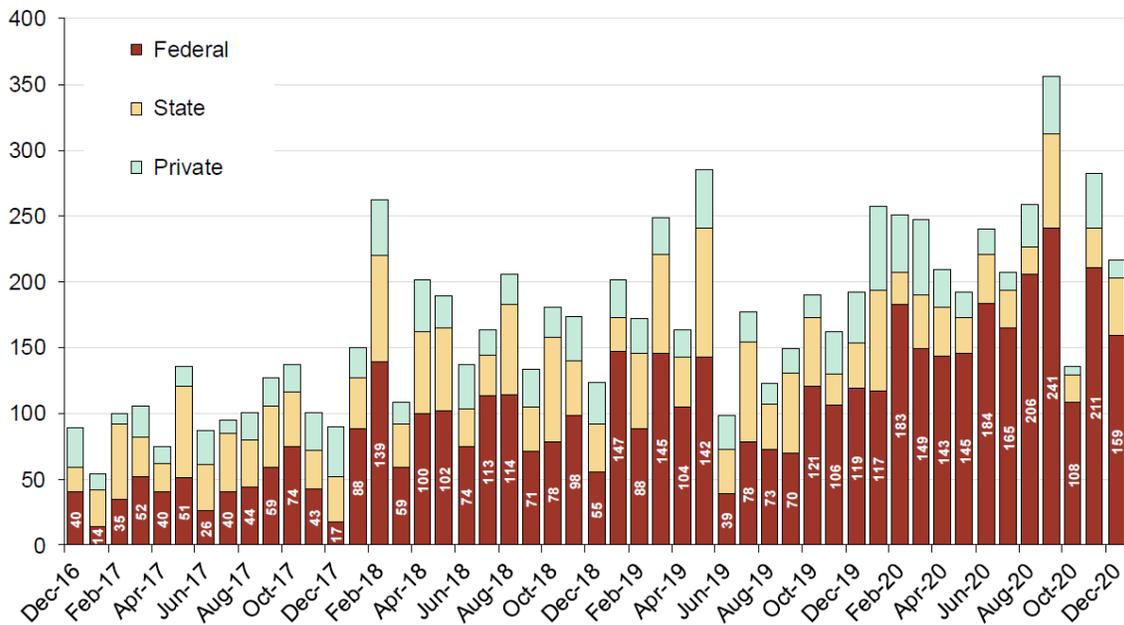


\*Production for operators with reporting for Nov-2020 is aggregated from individual well reports for all months  
 \*\*Production for operators without reporting for Nov-2020 (mainly Enduring Resources and Advance Energy) is estimated for November 2020  
 \*\*\*Delayed reporting for new fracs includes estimated production for fracked wells from 2020 without any production reports yet  
 Source: Rystad Energy ShaleWellCube, Rystad Energy research and analysis



#### Delaware New Mexico, horizontal new drill permits approved by month

Number of permits

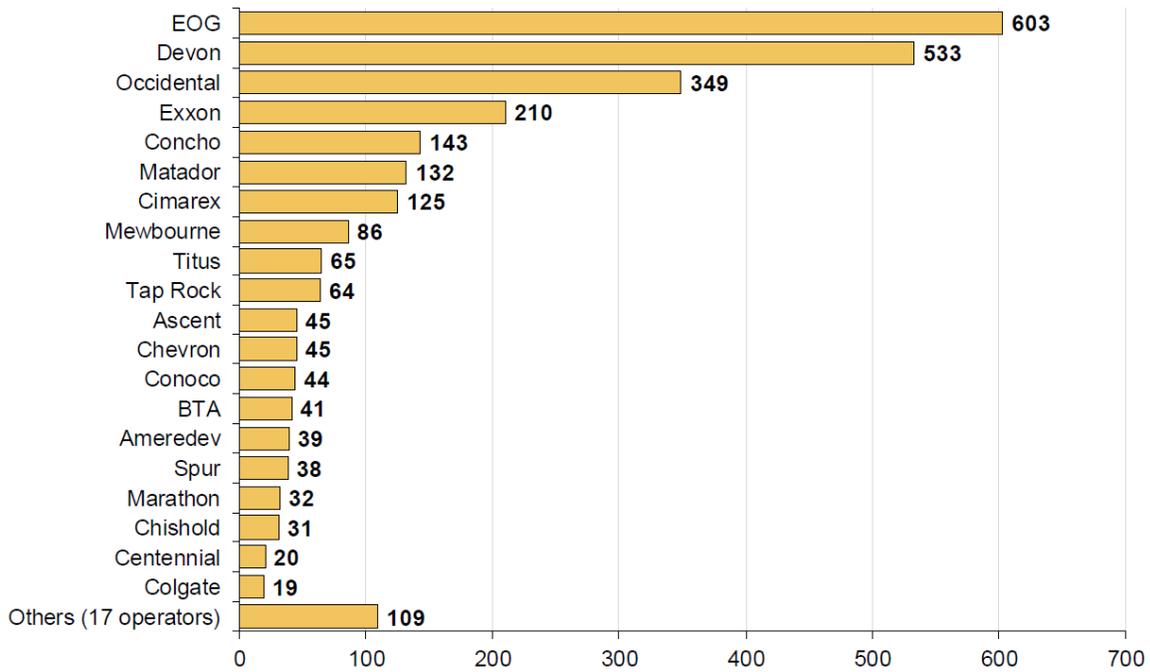


Source: Rystad Energy ShaleWellCube



**Delaware NM, approved not yet drilled federal horizontal permit inventory**

Number of not yet drilled permits approved in 2018-2020

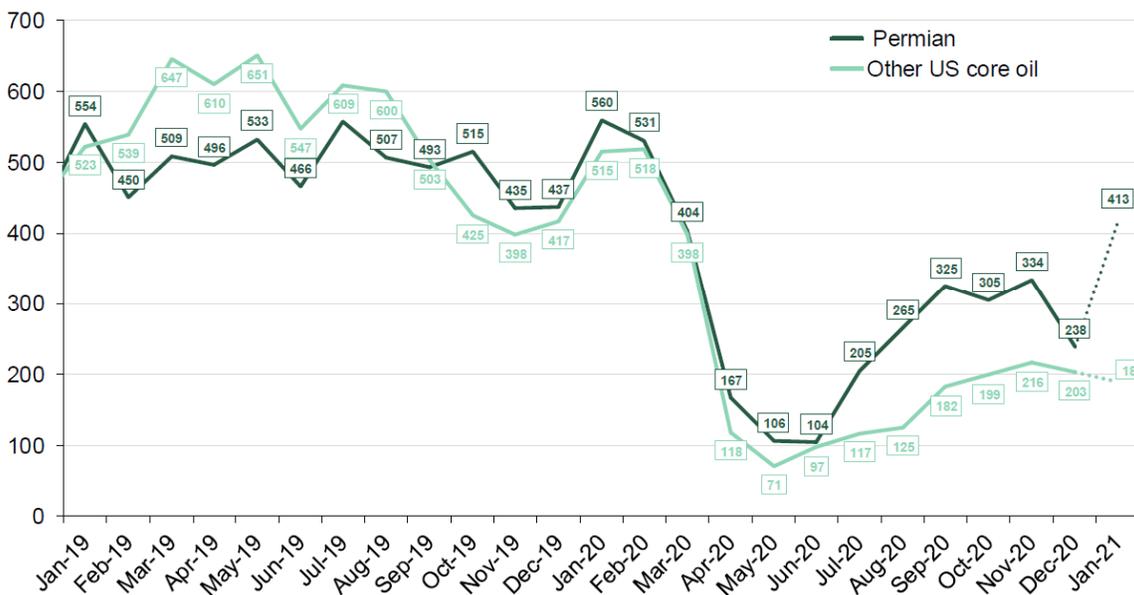


Source: Rystad Energy ShaleWellCube



Particularly strong recovery was observed in the Permian  
Activity in Permian is already above the maintenance level

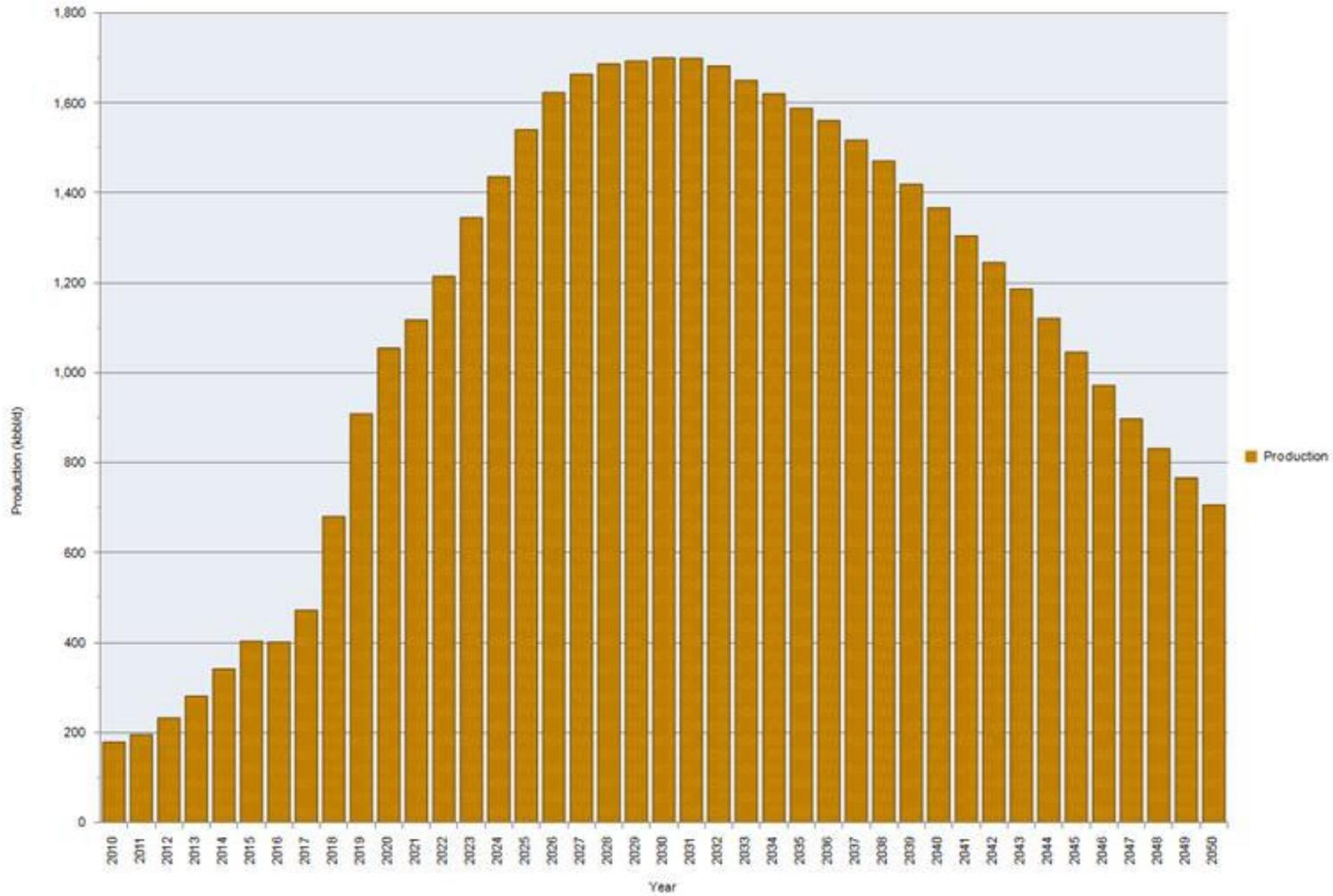
**US core oil regions identified frac operations by month as of 3 February**  
Number of wells (started jobs)



\*Other US core oil includes Bakken, Eagle Ford, Niobrara and Anadarko  
\*\*Monthly frac counts include all jobs reported to FracFocus or identified with the satellite data  
Source: Rystad Energy ShaleWellCube



### Rystad Energy – New Mexico Long-Term Oil Production Outlook

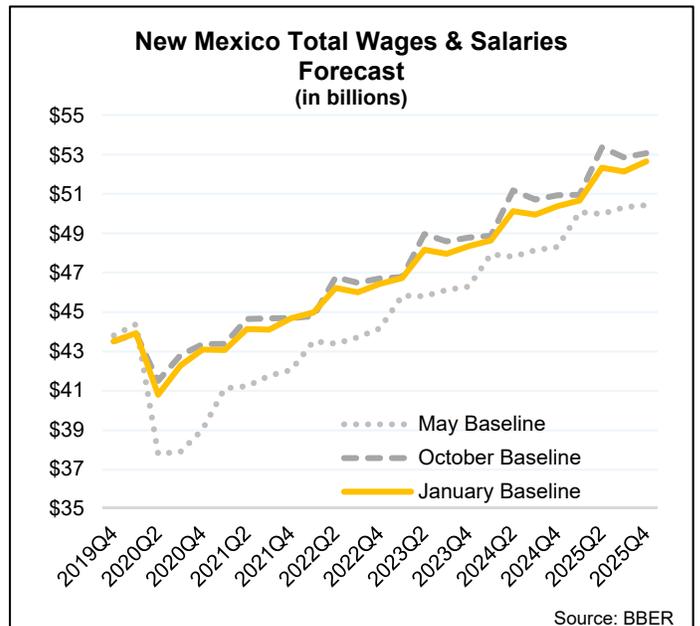
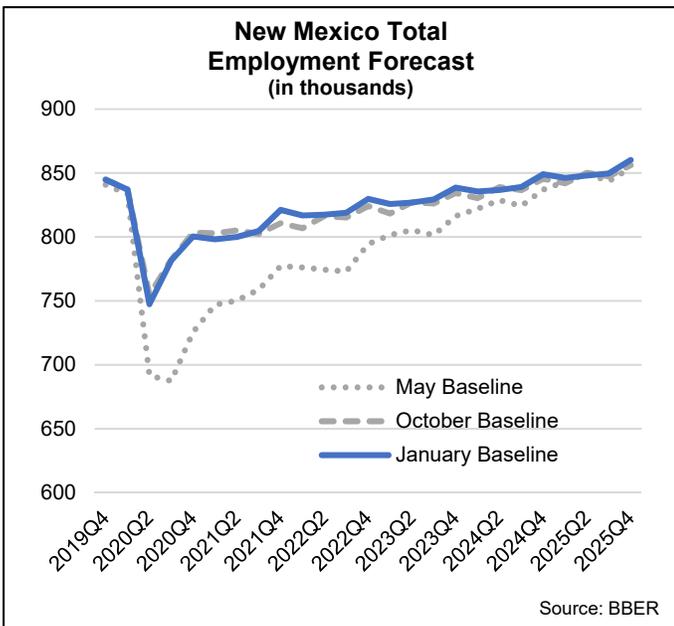
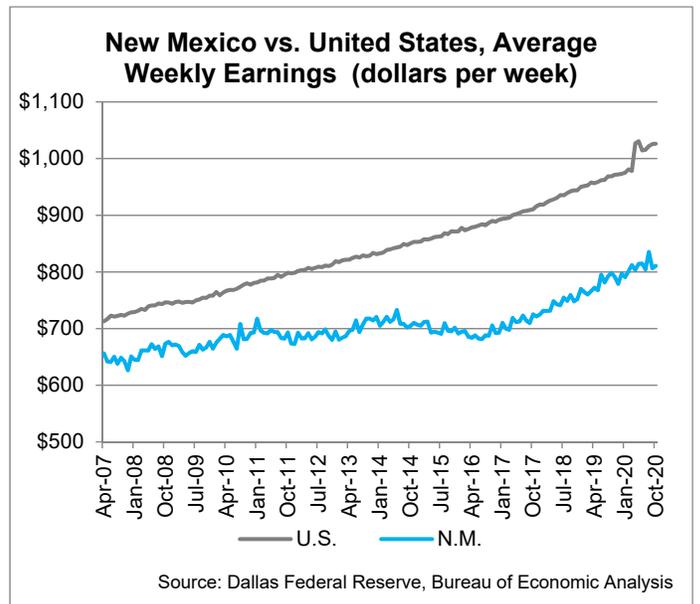
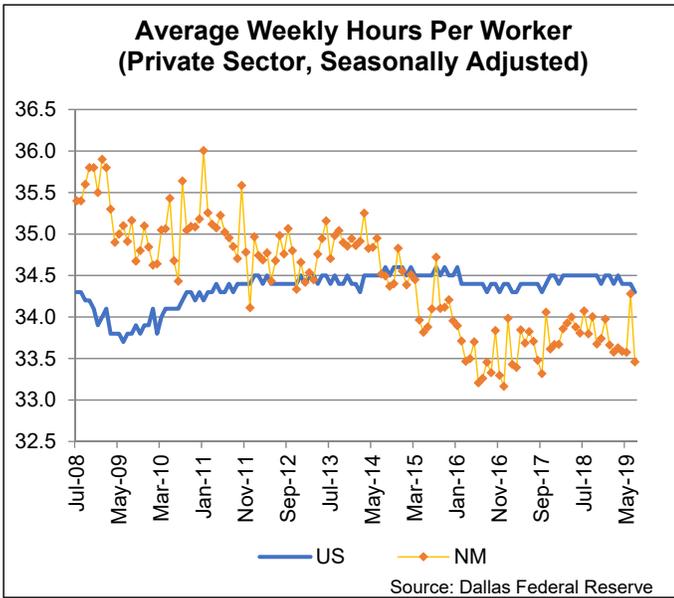
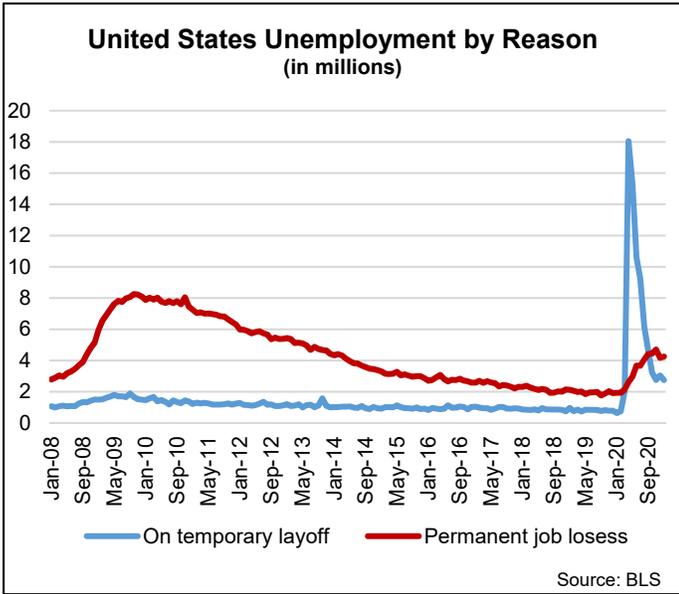


Source: Rystad Energy U.S. Oil Production Outlook 2021-20-25

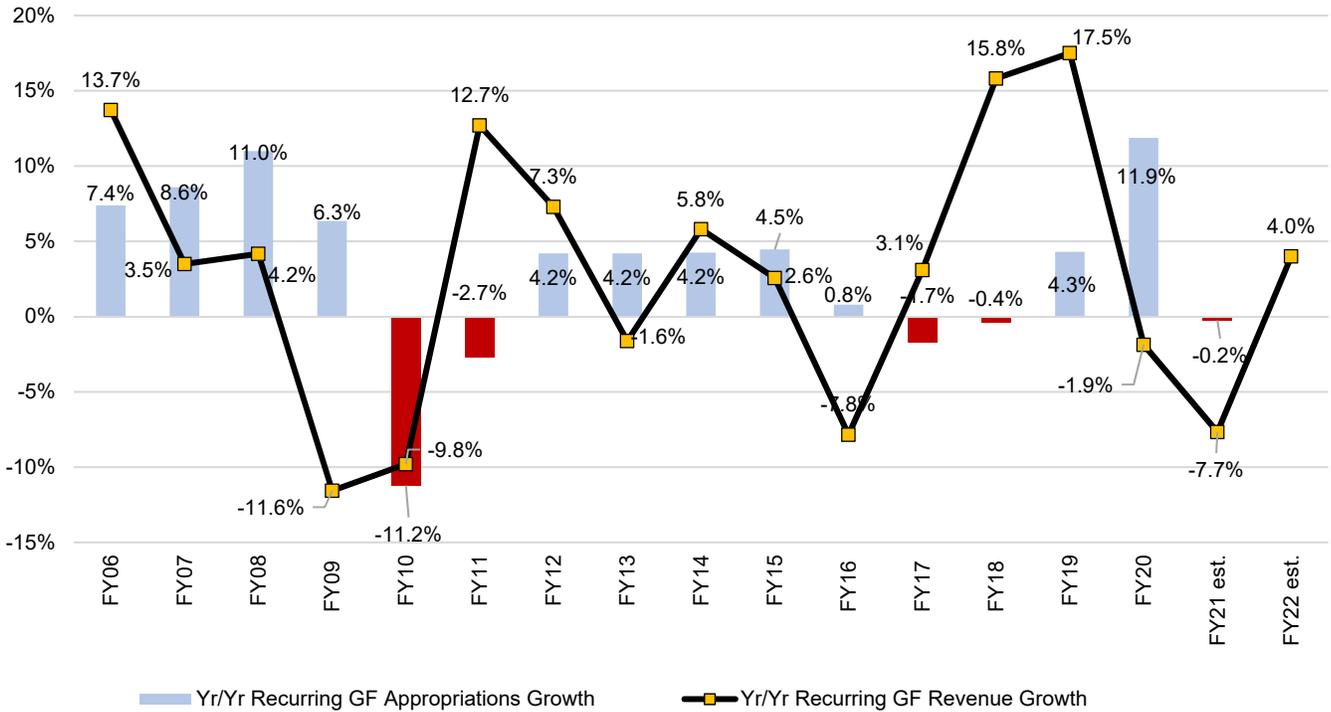
## February 2021 Consensus Forecast Sensitivity Analysis – Assumptions

	S1: Economic Upside (10%)	S3: Economic Downside (10%)	S8: Low Oil Price (5%)
<b>Key Assumptions &amp; Risks</b>	<ul style="list-style-type: none"> <li>• Consumer optimism increases, supported by recent positive news in the development of a reliable vaccine for Covid-19; widespread distribution of the vaccine in Q1 2021.</li> <li>• Businesses reopen at a somewhat faster pace than in the baseline as new Covid-19 cases recede relatively quickly; infections abate in June 2021.</li> <li>• The expected fiscal stimulus boosts the economy more than expected (assumes \$1.9 trillion fiscal stimulus package in Q1 2021, and additional \$1.1 trillion fiscal stimulus package in fall of 2021).</li> <li>• Consumers return to spending on air travel, retail and hotels sooner than expected.</li> <li>• The above-baseline growth results in steadily declining unemployment and consequently fewer business bankruptcies.</li> <li>• Political and economic tensions between the U.S. and China decline amid the positive outcomes.</li> </ul>	<ul style="list-style-type: none"> <li>• Incidence of new infections, hospitalizations and deaths from Covid-19 is significantly above the baseline projection, causing businesses to reopen much more slowly than expected. State and local officials in some areas of the country require some nonessential businesses to close, but there is no return to widespread shutdowns.</li> <li>• Initially positive news on a vaccine gives way to concerns about efficacy, effectiveness of widespread distribution, and agreement on the part of enough people to receive it.</li> <li>• Consumer confidence erodes in the first quarter of 2021, spending on air travel, retail and hotels is weaker than expected, and the economy falls back into recession.</li> <li>• Disagreements in Congress prevent additional federal fiscal stimulus measures.</li> <li>• Political and economic tensions with China begin to rise again amid the disappointing outcomes regarding the incidence of illness and the economy.</li> </ul>	<ul style="list-style-type: none"> <li>• Assumes an oil price shock that sends Brent oil prices into the low \$20s per barrel in 2021-2023.</li> <li>• Whereas the baseline presumes gradual growth in the price up to approximately \$60 by 2023, this scenario assumes that the time path is half that in the baseline during that time.</li> <li>• The energy industry itself contracts, with oil exploration and related employment declining in 2021 and 2022.</li> </ul>
<b>Oil and Gas:</b>	<ul style="list-style-type: none"> <li>• Saudi Arabia and Russia effectively control oil supply, and better than expected global growth supports demand, pushing the Brent price above \$60 per barrel.</li> <li>• Energy exploration and gains in related manufacturing industries such as steel for rigs and equipment strengthen again.</li> <li>• Oil production grows more than expected in the baseline.</li> </ul>	<ul style="list-style-type: none"> <li>• Declines in global energy demand more than offsets the agreement over oil supply between Russia and Saudi Arabia.</li> <li>• The Brent oil price drops to the mid-\$20 per barrel range over the course of 2021 and early 2022, reducing investment in exploration, leading to production declines.</li> </ul>	<ul style="list-style-type: none"> <li>• Oil prices in the low-\$20 per barrel range for 2021 and 2022.</li> <li>• Prices below average breakeven costs lead to reduced investment in exploration, causing production declines in 2021 and 2022.</li> </ul>

Source: Moody's Analytics, U.S. Macroeconomic Outlook Scenarios, January 2021

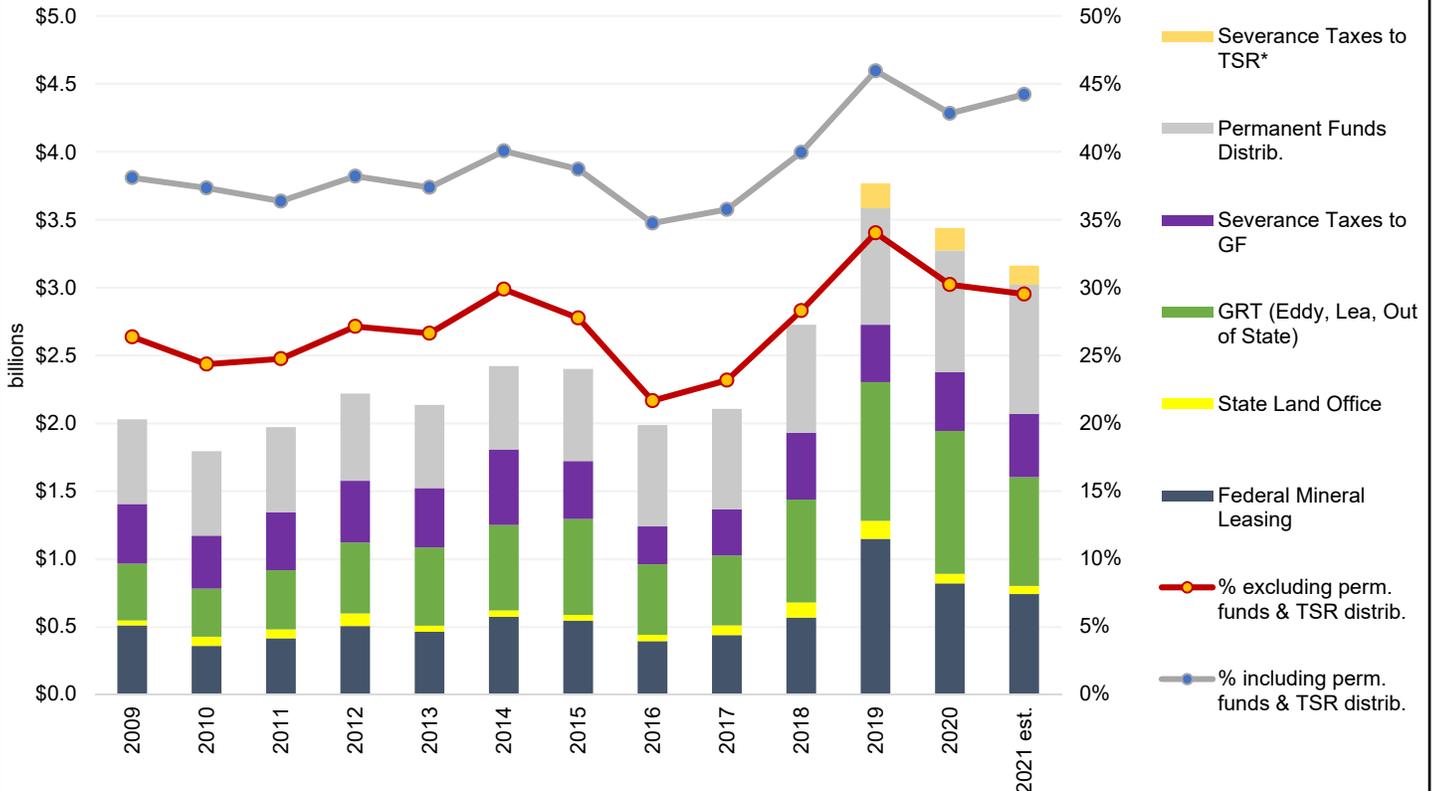


### Recurring General Fund Revenue & Appropriation Annual Growth



Source: LFC Files

### General Fund Revenues Dependent on Oil & Gas Activity

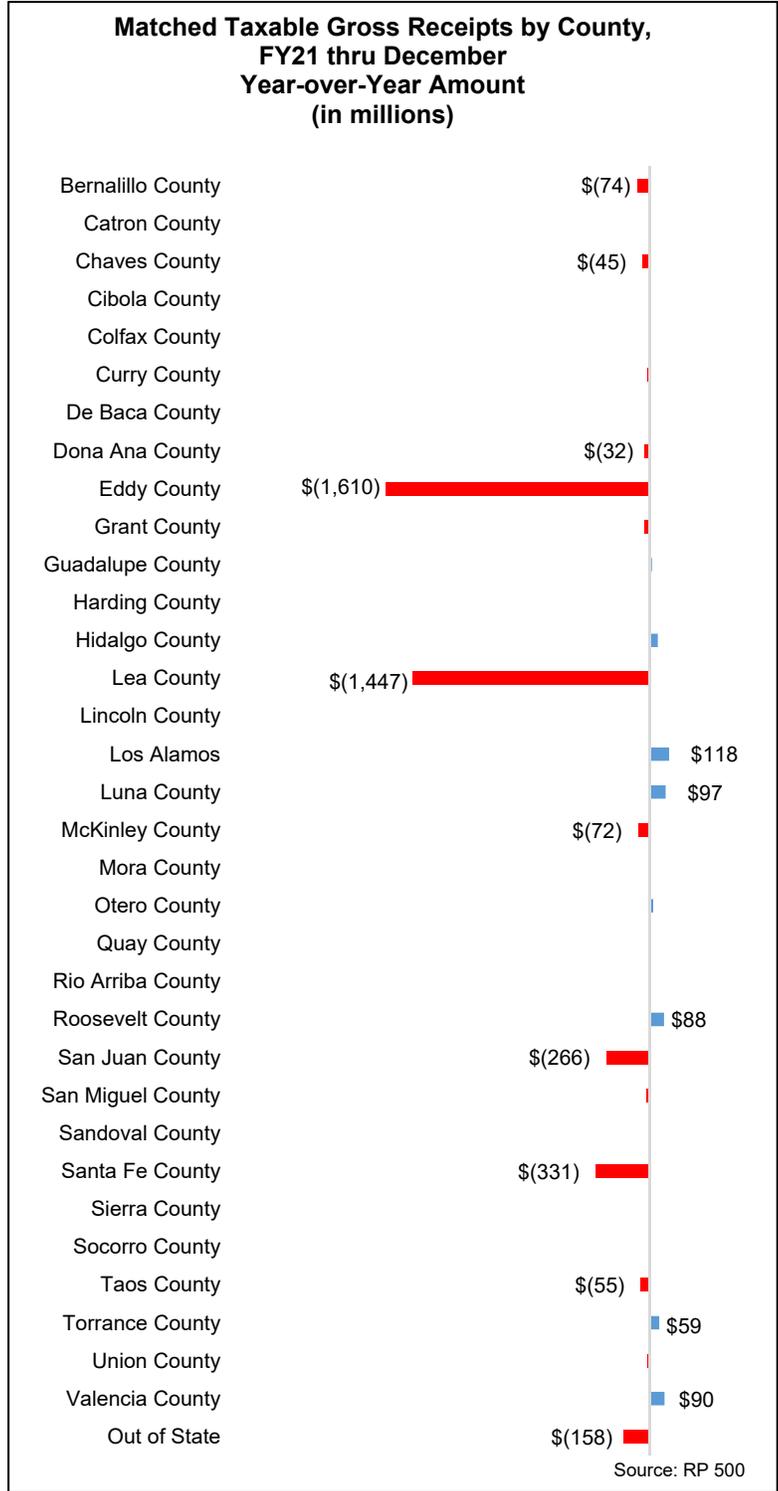


\*Oil and gas school tax revenue in excess of the five-year average is distributed to the tax stabilization reserve (TSR), softening the general fund's reliance on oil and gas

Source: LFC Analysis based on February 2021 Consensus Revenue Estimate

### Matched Taxable Gross Receipts by County

Matched Taxable Gross Receipts by County FY21 thru December		
Jurisdiction	Matched Taxable Gross Receipts	Year-over- Year Change
Bernalillo County	\$9,649,652,577	-0.8%
Catron County	\$21,406,147	-1.5%
Chaves County	\$634,430,425	-6.6%
Cibola County	\$191,697,311	-5.1%
Colfax County	\$161,769,494	1.6%
Curry County	\$468,925,774	-3.3%
De Baca County	\$10,180,653	-42.2%
Dona Ana County	\$2,018,517,097	-1.6%
Eddy County	\$2,588,840,155	-38.3%
Grant County	\$219,136,664	-13.5%
Guadalupe County	\$57,763,078	30.4%
Harding County	\$7,140,836	-16.5%
Hidalgo County	\$85,475,381	139.4%
Lea County	\$2,217,463,278	-39.5%
Lincoln County	\$303,781,992	-3.9%
Los Alamos	\$1,047,316,460	12.7%
Luna County	\$281,019,394	52.6%
McKinley County	\$548,716,036	-11.6%
Mora County	\$20,033,789	-4.1%
Otero County	\$533,678,577	4.3%
Quay County	\$76,990,981	4.4%
Rio Arriba County	\$201,919,790	-5.3%
Roosevelt County	\$368,136,652	31.3%
San Juan County	\$1,267,105,038	-17.3%
San Miguel County	\$196,564,397	-10.4%
Sandoval County	\$903,539,236	1.0%
Santa Fe County	\$2,021,786,617	-14.1%
Sierra County	\$96,204,781	5.0%
Socorro County	\$97,947,302	-2.9%
Taos County	\$338,450,344	-13.9%
Torrance County	\$168,728,199	53.3%
Union County	\$44,624,643	-29.0%
Valencia County	\$608,277,625	17.5%
Out of State	\$5,384,108,098	-2.9%



## Matched Taxable Gross Receipts by Industry

Matched Taxable Gross Receipts by Industry	First Quarter 2021					
	Jul-20		Aug-20		Sep-20	
	MTGR Growth	Percent Growth	MTGR Growth	Percent Growth	MTGR Growth	Percent Growth
Mining, Quarrying, and Oil and Gas Extraction	-\$374,760,278	-56.2%	-\$190,255,021	-35.4%	-\$280,720,028	-46.1%
Leisure and Hospitality Services	-\$107,694,116	-23.8%	-\$114,776,556	-24.4%	-\$95,257,767	-21.3%
Utilities	\$48,036,705	21.9%	\$52,642,990	22.6%	-\$32,194,914	-10.6%
Construction	-\$36,510,557	-5.1%	-\$122,266,974	-15.8%	-\$48,759,127	-6.1%
Manufacturing	-\$19,831,570	-12.6%	-\$24,164,415	-14.2%	-\$22,100,010	-11.5%
Wholesale Trade	-\$86,644,202	-30.1%	-\$91,591,814	-30.2%	-\$81,029,787	-26.1%
Retail Trade	\$105,183,841	8.5%	\$47,029,165	3.9%	\$109,923,790	9.1%
Transportation and Warehousing	-\$15,991,586	-21.5%	-\$36,110,101	-41.2%	-\$22,117,145	-26.3%
Information	-\$71,720,443	-29.8%	-\$78,850,179	-33.1%	-\$64,031,438	-28.3%
Real Estate and Rental and Leasing	-\$20,988,657	-13.9%	-\$27,920,758	-16.9%	-\$63,475,424	-33.0%
Professional, Scientific, and Technical Services	\$8,446,976	1.6%	-\$11,317,462	-2.0%	\$34,898,318	6.3%
Administrative/Support & Waste Management/Remediation	\$27,634,580	9.8%	\$83,596,811	50.0%	\$58,486,260	13.1%
Health Care and Social Assistance	\$55,013,647	20.9%	\$47,768,270	16.8%	\$27,017,947	9.1%
Other Industries	-\$92,172,356	-13.2%	-\$91,744,899	-13.3%	-\$79,116,320	-11.9%
<b>Total</b>	<b>-\$581,998,014</b>	<b>-9.8%</b>	<b>-\$557,960,945</b>	<b>-9.5%</b>	<b>-\$558,475,645</b>	<b>-8.8%</b>

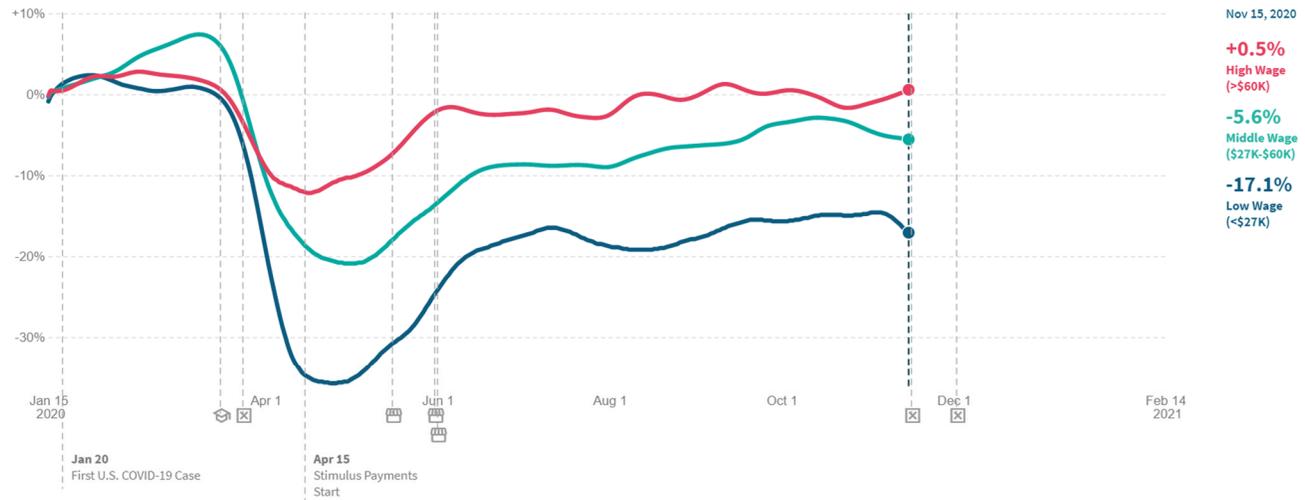
Matched Taxable Gross Receipts by Industry	Second Quarter FY21					
	Oct-20		Nov-20		Dec-20	
	MTGR Growth	Percent Growth	MTGR Growth	Percent Growth	MTGR Growth	Percent Growth
Mining, Quarrying, and Oil and Gas Extraction	-\$302,425,956	-46.8%	-\$201,761,693	-37.2%	-\$220,576,100	-35.5%
Leisure and Hospitality Services	-\$99,792,205	-22.6%	-\$116,699,316	-29.7%	-\$122,696,025	-27.8%
Utilities	\$23,875,068	12.2%	-\$61,508,193	-23.6%	\$7,236,449	3.3%
Construction	-\$105,525,315	-13.4%	-\$45,527,728	-6.4%	-\$110,797,882	-13.4%
Manufacturing	-\$20,383,073	-12.0%	-\$31,527,536	-19.1%	-\$2,393,113	-1.2%
Wholesale Trade	-\$73,937,451	-24.7%	-\$60,086,540	-22.8%	-\$99,133,239	-27.9%
Retail Trade	\$46,970,786	3.8%	\$19,910,115	1.6%	\$137,132,578	9.2%
Transportation and Warehousing	-\$34,165,870	-41.8%	-\$31,264,699	-36.3%	-\$30,728,527	-31.1%
Information	-\$81,866,694	-34.4%	-\$66,644,238	-29.5%	-\$143,287,662	-44.0%
Real Estate and Rental and Leasing	-\$20,574,146	-13.0%	-\$2,641,767	-1.7%	\$9,369,771	5.9%
Professional, Scientific, and Technical Services	-\$16,727,971	-2.5%	-\$48,580,240	-9.1%	\$27,873,924	5.3%
Administrative/Support & Waste Management/Remediation	-\$32,659,249	-16.7%	\$43,152,588	32.9%	\$56,223,428	22.2%
Health Care and Social Assistance	\$68,904,493	25.1%	\$2,721,360	1.0%	\$22,385,581	7.0%
Other Industries	-\$71,488,918	-10.4%	-\$399,236	-0.1%	-\$180,934,086	-21.4%
<b>Total</b>	<b>-\$719,796,501</b>	<b>-11.8%</b>	<b>-\$600,857,123</b>	<b>-10.8%</b>	<b>-\$650,324,903</b>	<b>-9.7%</b>

Note: compared to same month in 2019

Source: RP500

### Percent Change in Employment\*

In **New Mexico**, as of **November 15 2020**, employment rates among workers in the bottom wage quartile **decreased** by **17.1%** compared to January 2020 (not seasonally adjusted).



\*Change in employment rates (not seasonally adjusted), indexed to January 4-31, 2020. This series is based on payroll data from Paychex and Intuit, worker-level data on employment and earnings from Earnin, and timesheet data from Kronos. The dotted line in the low-wage series is a prediction of employment rates based on Kronos data.

last updated: February 08, 2021 next update expected: February 16, 2021

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### Percent Change in Small Business Revenue\*

In **New Mexico**, as of **February 04 2021**, total small business revenue **decreased** by **28.8%** compared to January 2020.



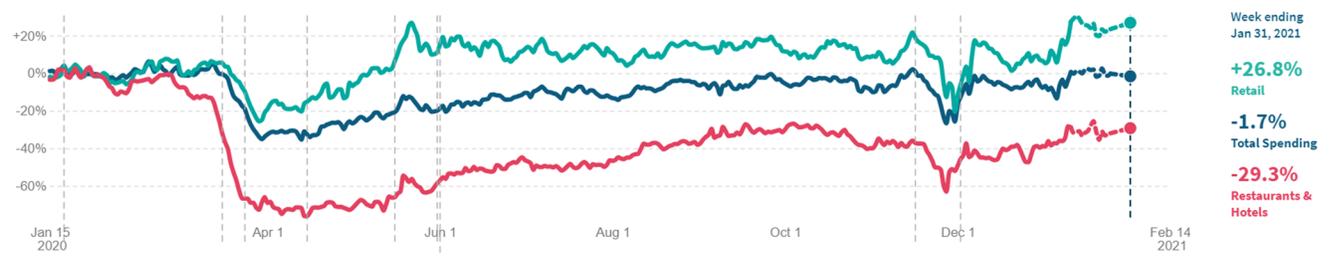
\*Change in net business revenue for small businesses, indexed to January 4-31 2020 and seasonally adjusted. This series is based on data from Womply.

last updated: February 13, 2021 next update expected: February 19, 2021

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### Percent Change in All Consumer Spending\*

In **New Mexico**, as of **January 31 2021**, total spending by all consumers **decreased** by **1.7%** compared to January 2020.



\*Change in average consumer credit and debit card spending, indexed to January 4-31, 2020 and seasonally adjusted. The dashed segment of the line is provisional data, which may be subject to non-negligible revisions as newer data is posted. This series is based on data from Affinity Solutions.

last updated: February 12, 2021 next update expected: February 17, 2021

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