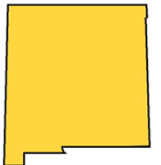


# ***Consensus General Fund Revenue Outlook***

**New Mexico Department of Finance and Administration**

Presented to the  
Legislative Finance Committee  
August 24, 2016



# *Overview*

- US and New Mexico economic forecasts have been revised lower since January
- Declining oil and natural gas prices have severely impacted New Mexico's revenues directly and indirectly, as in other states with large energy sectors such as Oklahoma
- New Mexico's economy grew overall, but with significant divergence by location and sector
- National and global uncertainty has increased



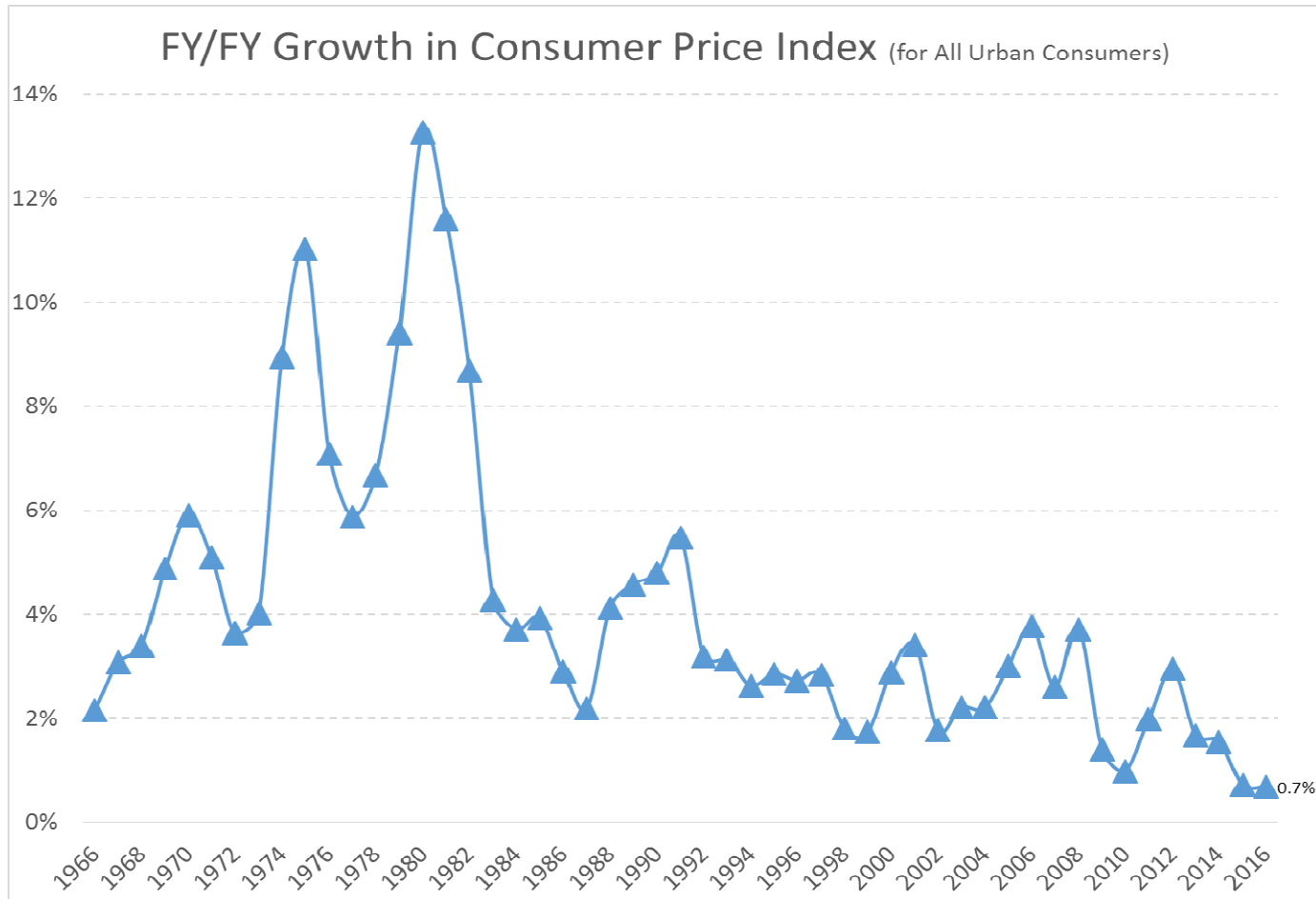
# **U.S. Economic Outlook\***

- National job growth has been strong (recently beating expectations), GDP data has been mixed, and productivity continues to disappoint
- Heightened caution from the Federal reserve indicates the next rate increase will now be delayed into the end of this year or beyond
- A national budget deal was finally reached late last year that set US spending and tax policy into early 2017
- The largest monetary drag is expected to be the higher capitalization and liquidity required of the post-crisis banking system

*\*Source: Moody's Analytics, U.S. Macro Outlook, August 2016*



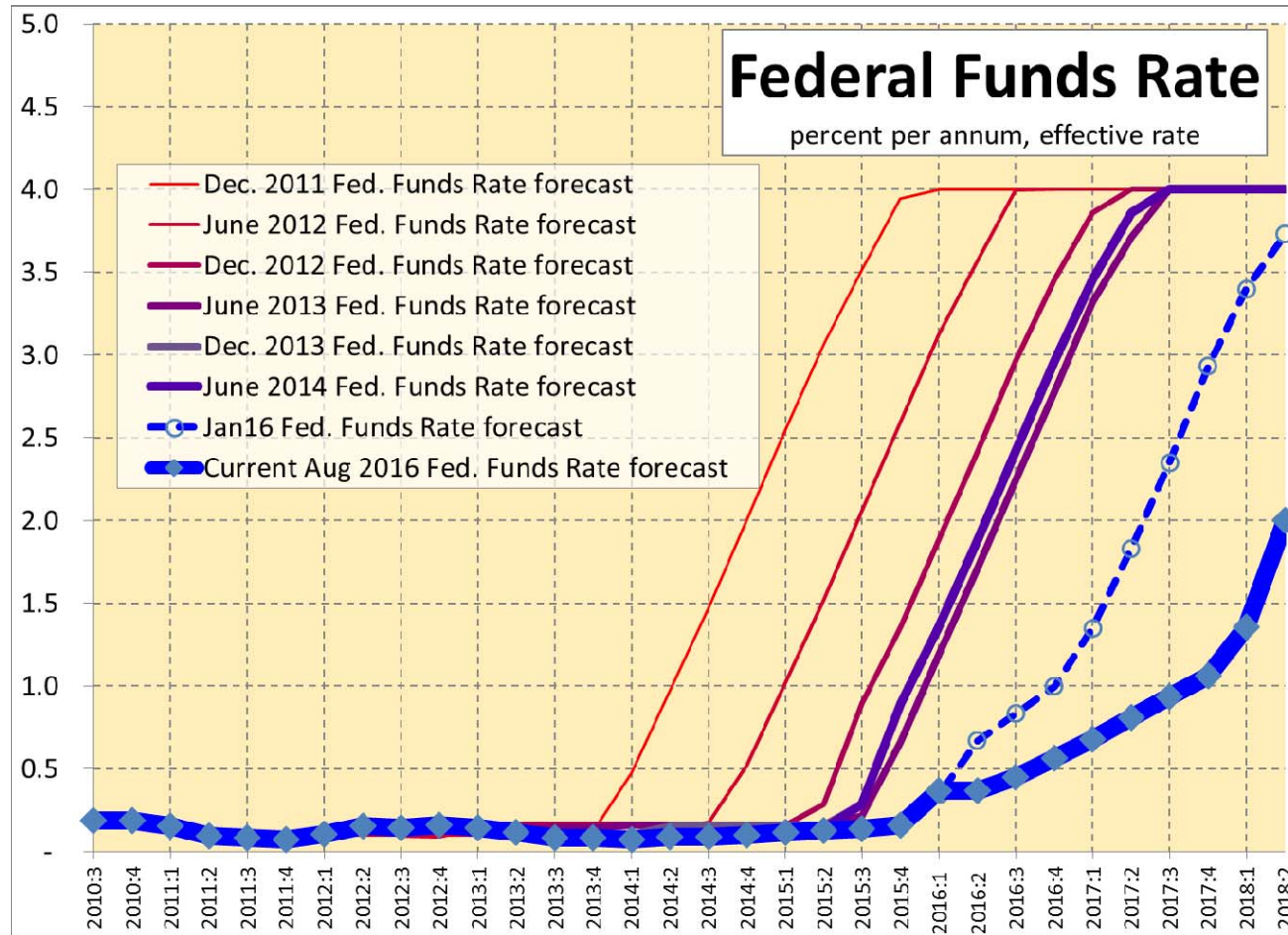
## **Historically low Inflation = lower nominal revenue growth**



- *FY2015 and FY2016 lowest inflation in 60 years*
- *Had been relatively stable for decades:*
  - *10 year average 2005-2014 = 2.4%*
  - *10 year average 1995-2004 = 2.4%*



## *Yet another delay in normalization of interest rates*



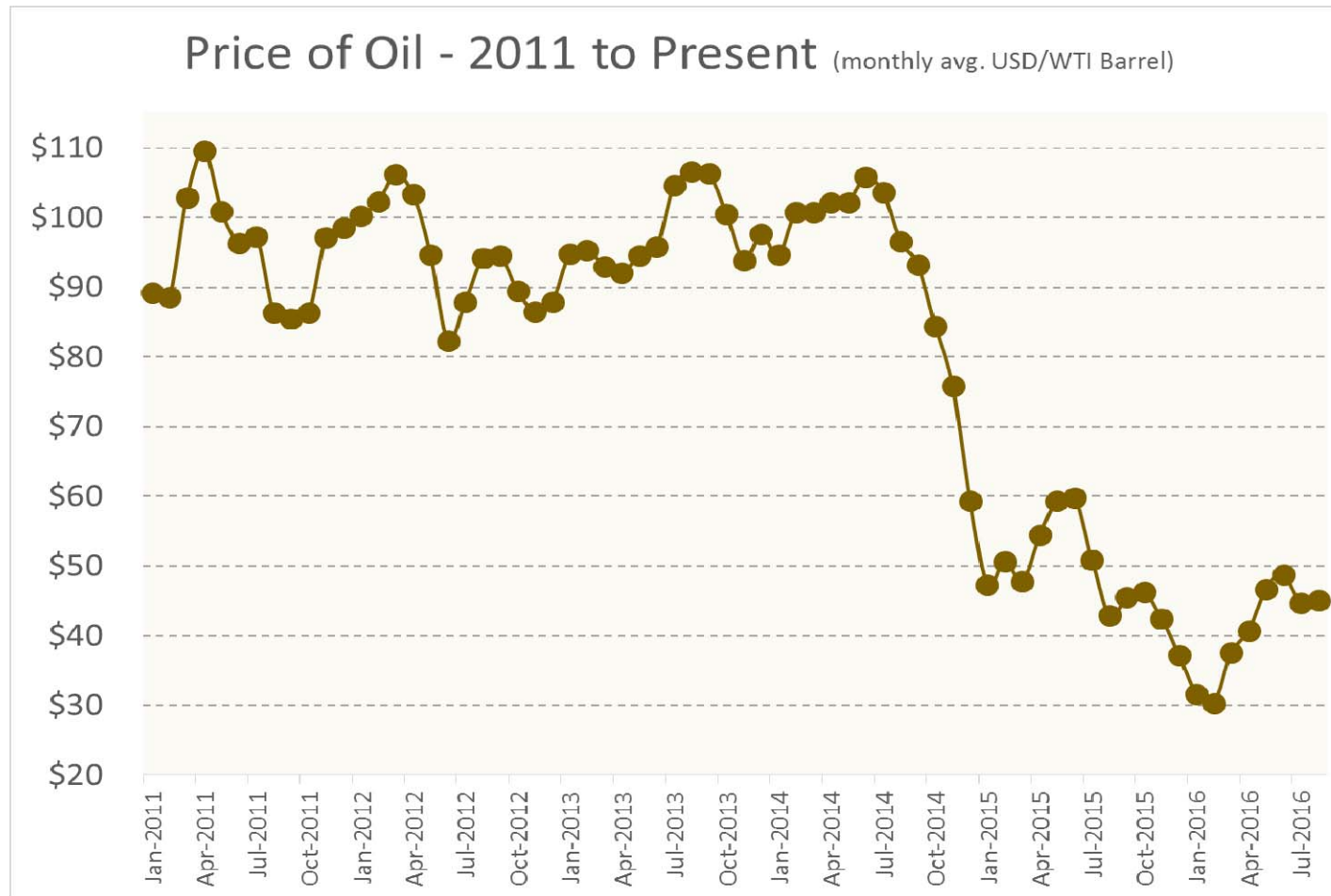
- In June the Federal Open Market Committee unanimously voted to hold the federal funds rate between 0.25% and 0.50%, citing weakness in recent US employment data

## **Across the board plummeting commodity prices have hit New Mexico's economy and revenues**

- Global supply/demand factors and historic currency movements impacted a range of New Mexico industries
  - Oil
  - Natural Gas
  - Coal
  - Potash
  - Agriculture
  - US dollar priced exports
- Direct impacts on Severance Taxes & Rents/Royalties have been significant
- As energy production becomes more high tech and high capital, direct and indirect impacts on other revenues (GRT, PIT, CIT, etc.) have been historically unprecedented



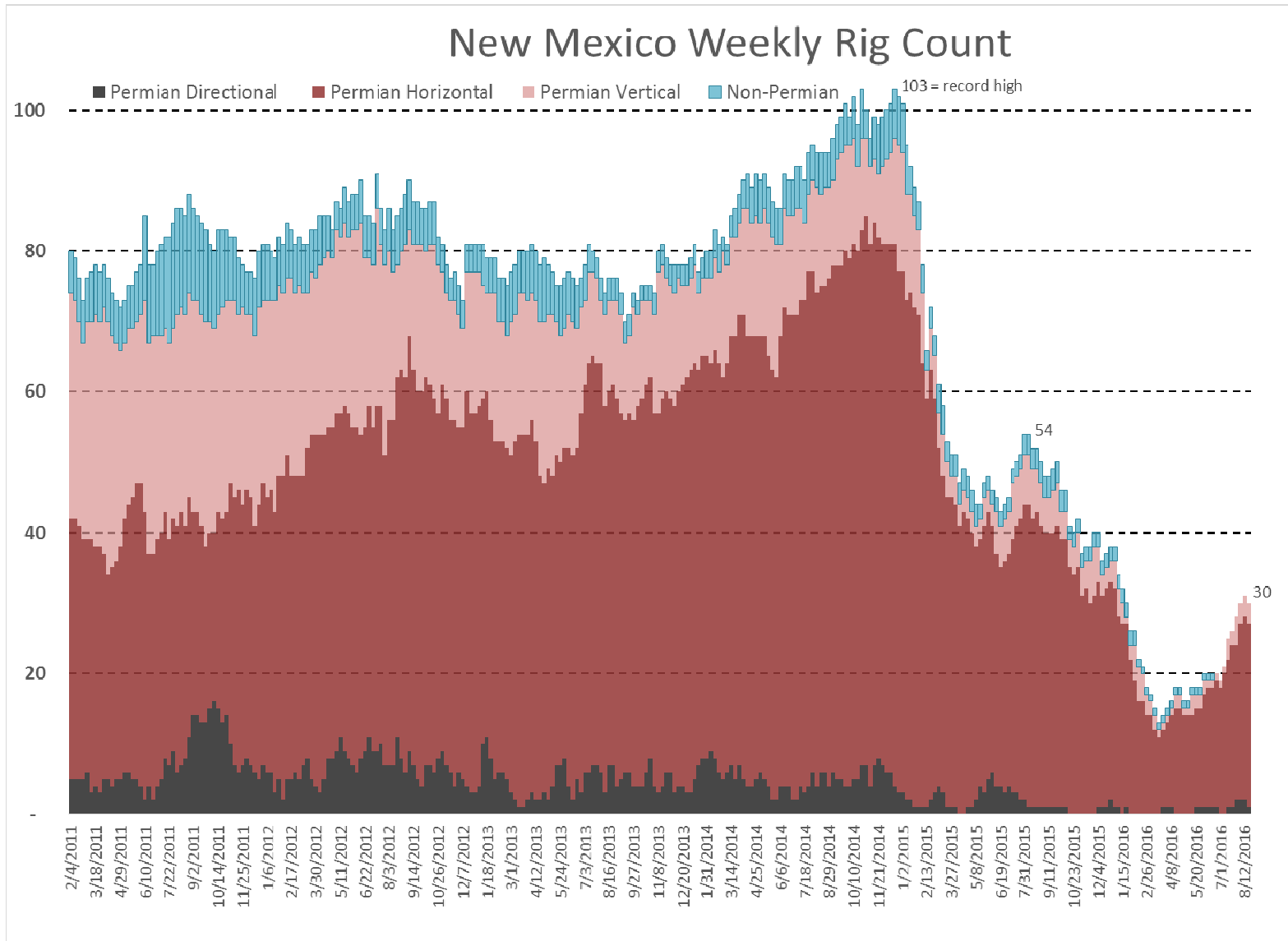
## *After years of relative stability oil prices plummeted*



- *High: \$113.39/BBL (April 2011)*
- *Low: \$26.19/BBL (February 2016)*

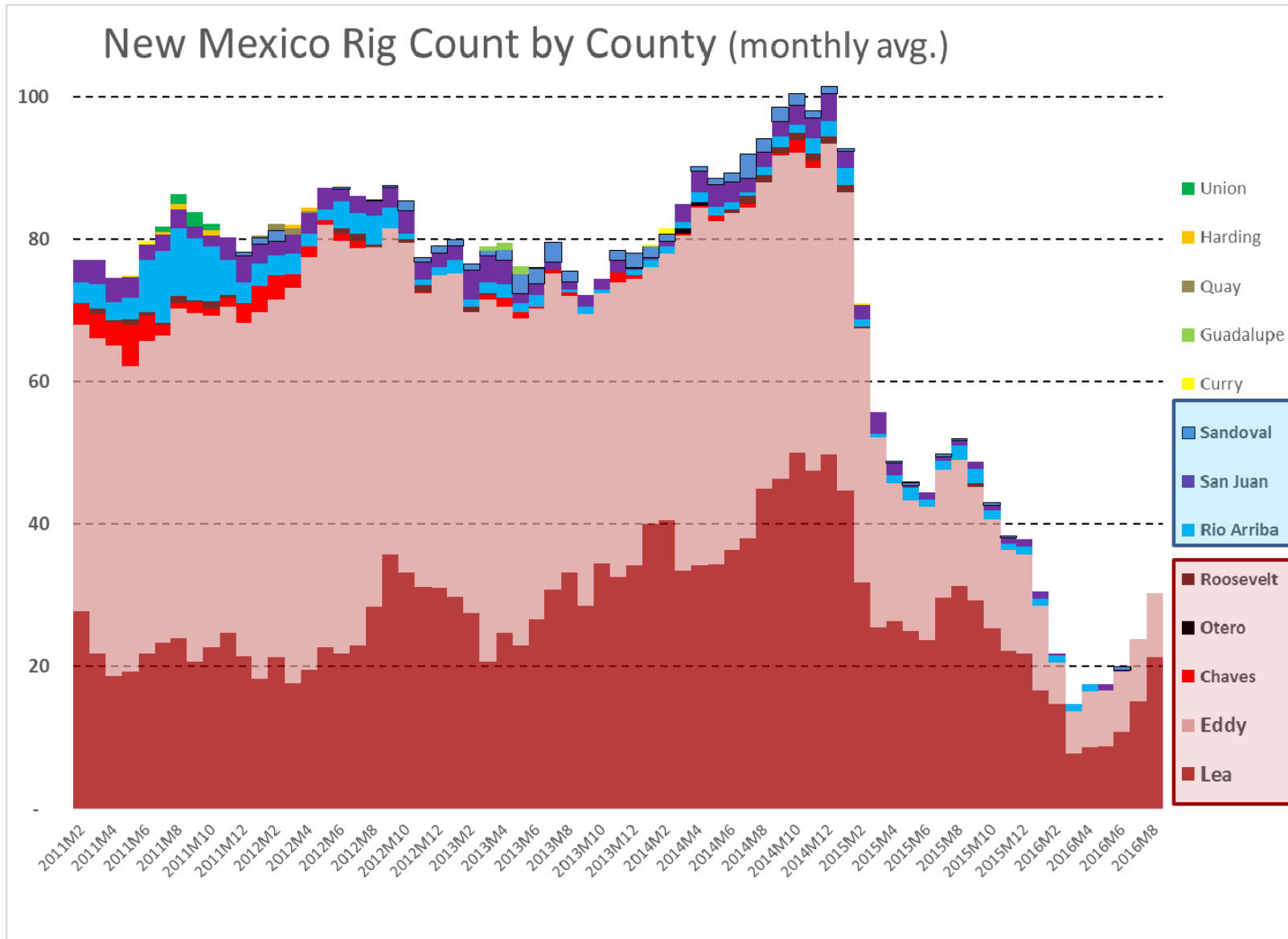


# *The Impact on Oil Exploration*

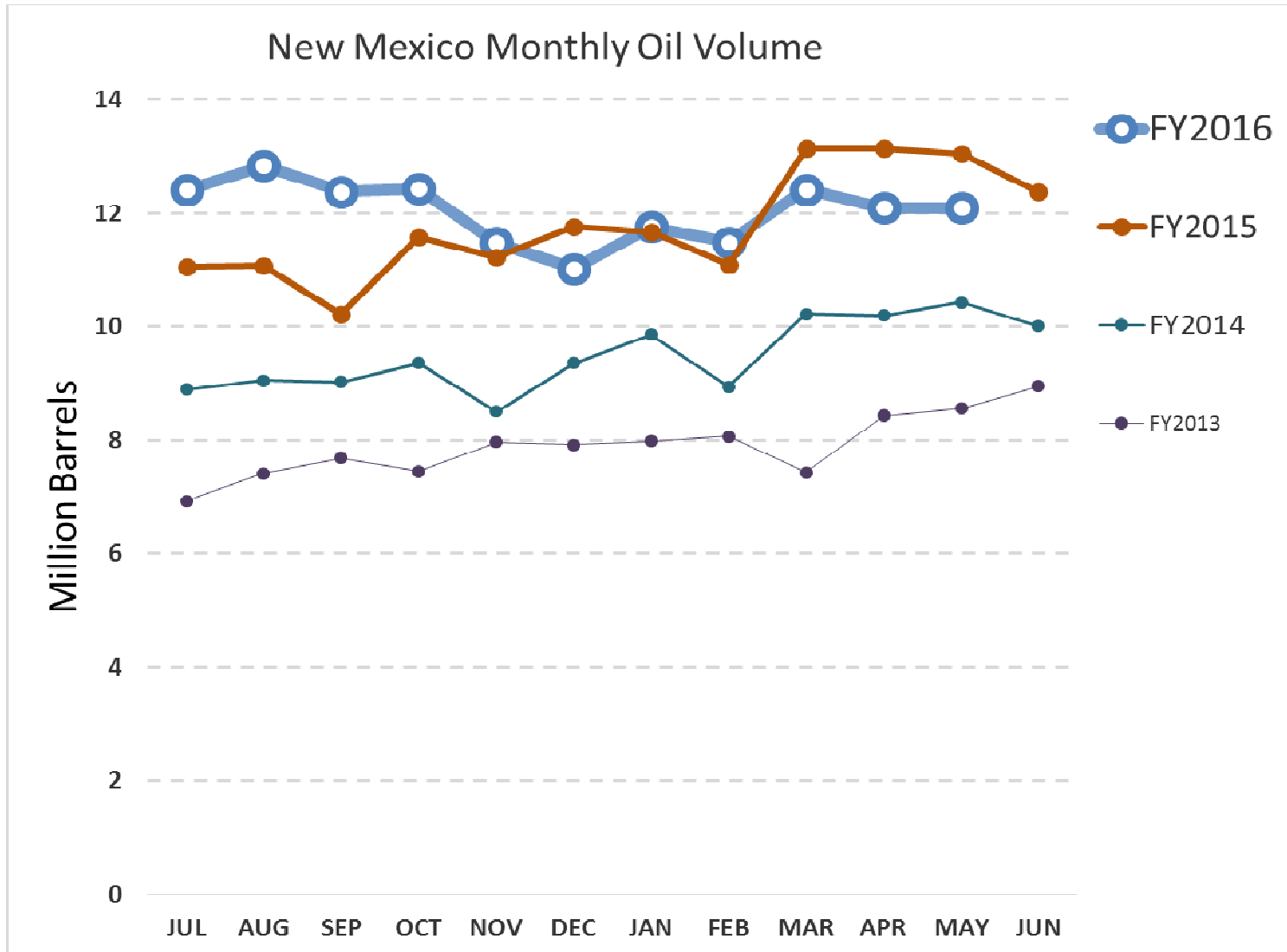




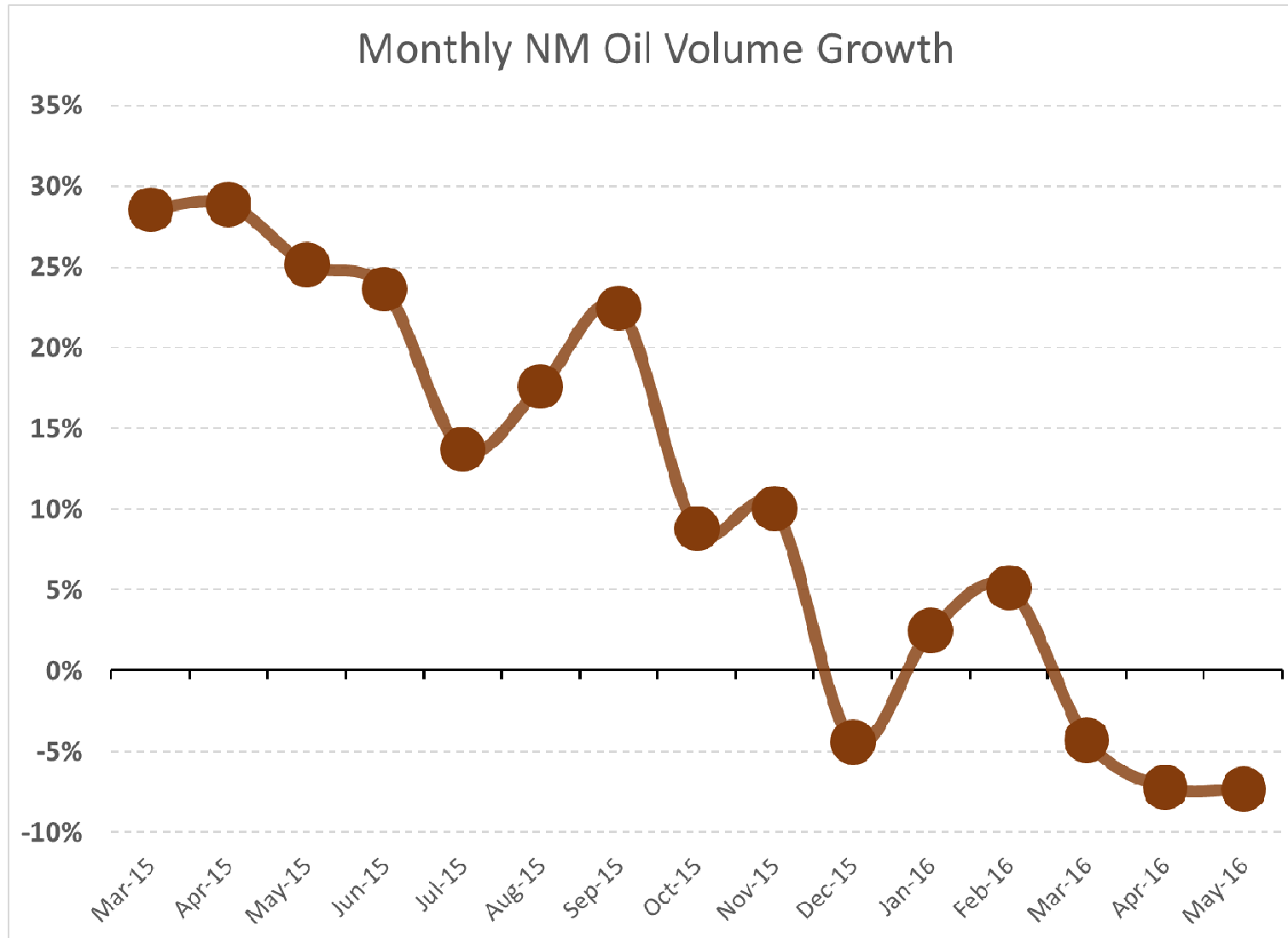
# *The Impact on Oil Exploration*



## *The Impact on Oil Production*



## *The Impact on Oil Production*



# Gross Receipts- Divergent Trends

FY 16 YTD Y/Y General Fund GRT \$millions

San Juan -12.4	Rio Arriba -1.0	Taos 4.0	Colfax -1.4	Union 0.0
McKinley -1.0	Sandoval -2.6	Los Alamos 7.2	Mora 0.0	Harding -1.1
Cibola -0.2	Bernalillo 16.3	Santa Fe 2.7	San Miguel -0.7	Curry 2.2
Catron 0.6	Valencia -0.1	Torrance -0.3	Guadalupe -0.8	De Baca 0.7
Grant 1.9	Sierra 0.4	Socorro -0.8	Lincoln 0.4	Lea -102.4
Luna -0.3	Doña Ana 3.5	Otero 5.8	Chaves -7.1	Eddy -49.4
Hidalgo 0.6	Out-of-State: -29			

- Losses in the Northwest and Southeast overwhelmed growth in the remainder of the state

## **The Impact on Income Tax Collection**

- Reduced production activity led to mass layoffs in the energy sector
- The “Mining and Logging” sector (including oil and natural gas production) peaked in November and December of 2014 with 29,000 jobs
- Current mining sector jobs total 18,800
- Loss of more than 10,000 mostly high-wage jobs
- Personal income tax collections dropped in excess of total wage reductions
- Corporate income tax collections also dropped accordingly

# **New Mexico Oil & Gas Outlook**

	FY16	FY17	FY18
Crude Oil:			
Price (\$/barrel)	\$37.75	\$45.00	\$48.00
Production (mill. barrels)	146.0	140.0	140.0
Natural Gas:			
Price (\$/1,000 cu. ft.)	\$2.40	\$3.00	\$3.30
Production (Bill. cu. ft.)	1,160	1,120	1,080

*Source: ONGARD; Consensus Revenue Estimating Group*

- *Oil production in New Mexico has more than doubled in the past five years, FY 2016 was an all time production record*

# ***New Mexico Oil & Gas Outlook***

- *The Good:*
  - *Prices are Rising*
  - *Large O&G Companies Making Investments*
  - *Climbing Rig Count in NM*
  - *Permian Basin Premier US Drilling Location*
  - *Global Production is Relatively Stagnant Overall*
- *The Bad:*
  - *Excess Supply Causing Soft Price Growth*
  - *New production might not outpace winding-down operations*
  - *Tax revenues lag market price changes*
  - *Market uncertainty and geopolitical uncertainty persist*
- *Signs point to a gradual recovery of drilling activity in NM with most revenue benefits seen in FY 2018, not FY 2017*

## **FY2016 and FY2017 Revenue and Appropriations**

### **FY 2016**

- Revenue down **\$348.1 million**

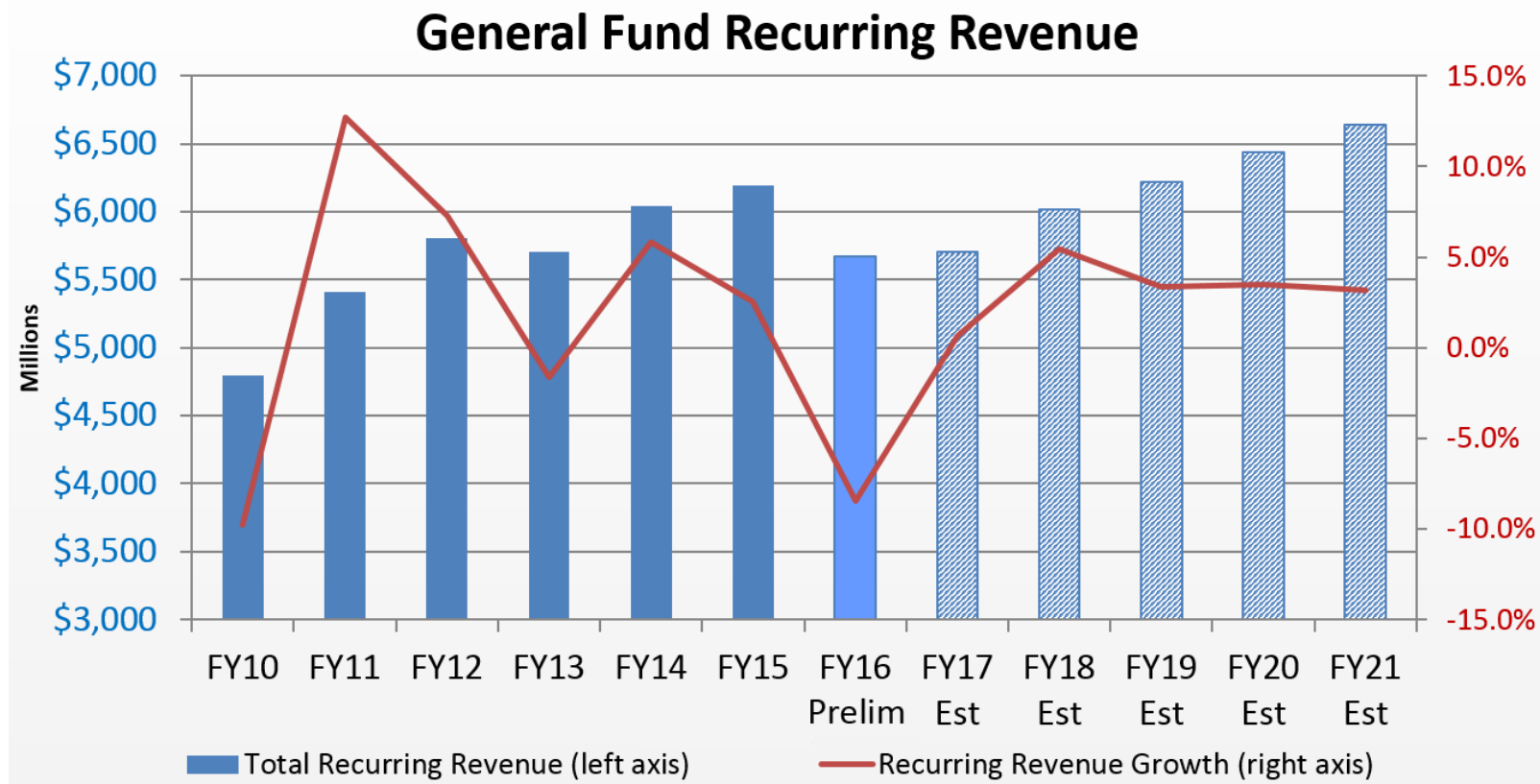
### **FY 2017**

- Total appropriation: \$6,228.3 million
- Total revenue: \$5,770.4 million
- DIFFERENCE: **\$457.9 million**



# General Fund Revenue Outlook

- Recurring revenue reached record high in FY15
- FY16 down 8.4%
- FY17 0.6% growth



# General Fund Forecast Summary

August 2016 Consensus General Fund Forecast						
	FY16		FY17		FY18	
	\$ Millions	% Change	\$ Millions	% Change	\$ Millions	% Change
General Sales	<b>\$2,004</b>	<b>-7.5%</b>	\$1,994	-0.5%	\$2,143	7.5%
Selective Sales	\$527	8.0%	\$543	3.0%	\$586	7.9%
Income Taxes	<b>\$1,438</b>	<b>-9.8%</b>	\$1,439	0.1%	\$1,453	1.0%
O&G Revenue	<b>\$720</b>	<b>-28.8%</b>	\$755	4.9%	\$792	5.1%
Investment Income	\$770	9.6%	\$762	-1.0%	\$817	4.5%
Other	\$213	-7.7%	\$215	1.0%	\$227	5.6%
<u>Total Recurring Revenue</u>	<u>\$5,672</u>	<u>-8.4%</u>	<u>\$5,708</u>	<u>0.6%</u>	<u>\$6,017</u>	<u>5.4%</u>

- While volumes remained high, price drops pummeled oil and natural gas revenue
- Energy sector's reduction in spending, employment, and profits also led to severe direct and indirect impacts to sales and income revenue
- Details in Appendix 2

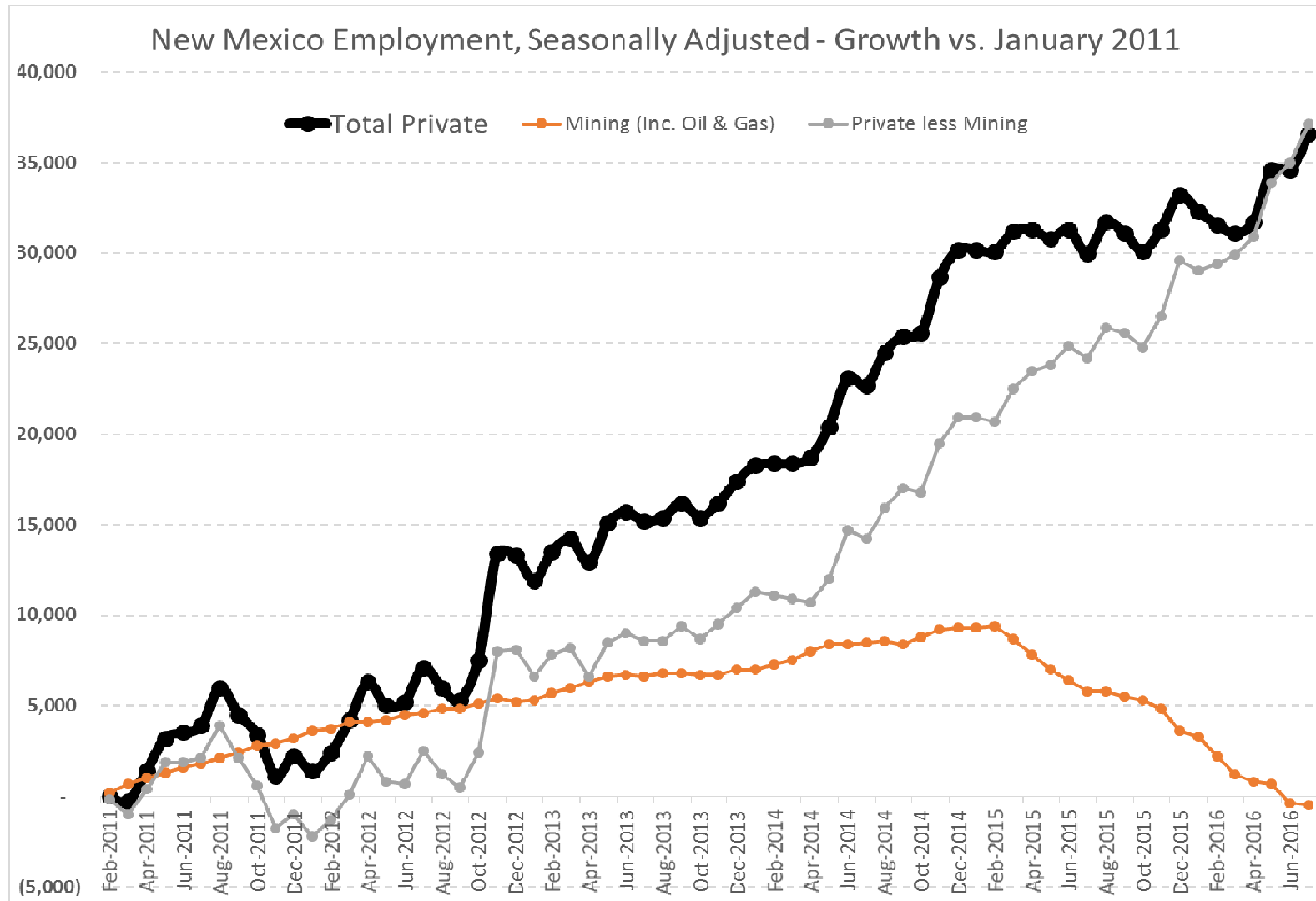
# **Budget Management**

- Based on key principles: grow reserves, limit growth in government spending
- For nearly all of the past five years, reserves of 10%+ with high of 13%
- FY 2015 reserves ended at 10%
- Never signed budget increasing spending by 4.5%+
- New money highly targeted to education, health, public safety, and economic growth policies

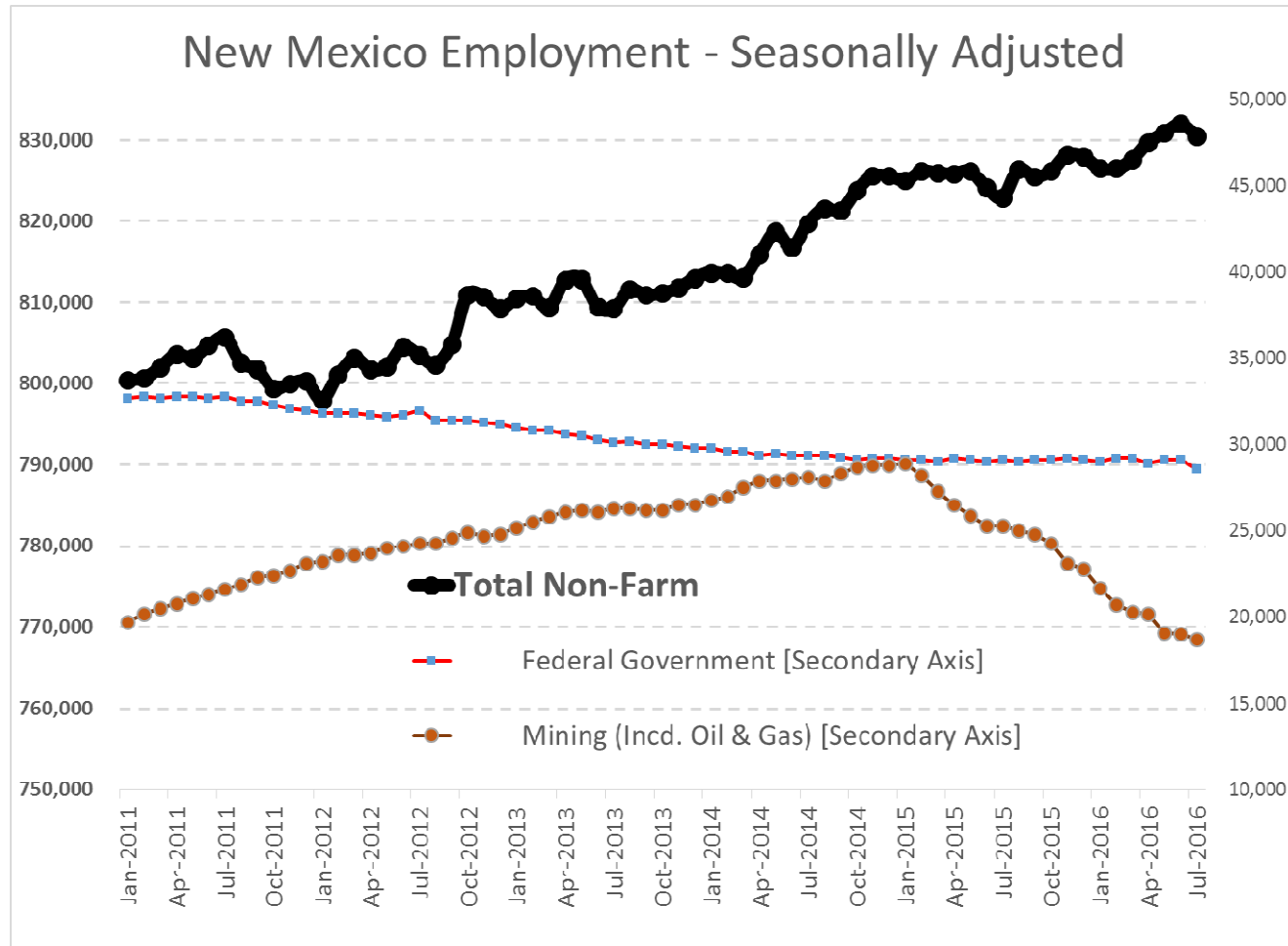
## **Recent Employment Momentum**

- In June New Mexico's total job growth was the highest since March 2007 at 1.7% (an increase of 14,000 jobs)
- Total employment continued to grow in July adding 9,600 jobs year-over-year
- Backing out mining sector job losses, job growth in June and July (increasing by 20,000 and 16,000 Y/Y) were the two highest months since CY 2006

# *Steady Private Employment Growth*



# *Increased Diversification*



- Historically highly-reliant on federal government and energy sector
- Private sector employment growth 45 of the last 48 months
- Greater proportion of employment base in other industries

## *A Sampling of New NM Companies*

Company	County	Industry	Jobs
Solaro	Socorro	Green Energy	25
Rural Sourcing, Inc.	Bernalillo	Tech	125
Ready Roast, Inc.	Roosevelt	Manufacturing (Food)	200
Skorprios	Bernalillo	Tech	400
Southwest Cheese	Curry	Manufacturing (Food)	50
PCM	Sandoval	Tech	224
Safelite AutoGlass	Sandoval	Insurance	900
FedEx	Dona Ana	Shipping/Transportation	200
Fidelity	Bernalillo	Financial	250
Wildflower International	Santa Fe	Tech	81

- Broad job growth throughout the state

U.S. and New Mexico Economic Indicators											
	FY16		FY17		FY18		FY19		FY20		FY21
	Jan 16 Forecast	Aug 16 Forecast	Jan 16 Forecast	Aug 16 Forecast	Jan 16 Forecast	Aug 16 Forecast	Jan 16 Forecast	Aug 16 Forecast	Jan 16 Forecast	Aug 16 Forecast	Aug 16 Forecast
<b><u>National Economic Indicators</u></b>											
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
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
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
<b><u>New Mexico Labor Market and Income Data</u></b>											
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
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
NM Total Wages & Salaries Growth (%)	2.3	1.8	3.4	2.9	3.8	4.2	4.6	4.8	3.9	3.9	2.8
NM Private Wages & Salaries Growth (%)											
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
<b><u>New Mexico Energy Prices &amp; Volumes</u></b>											
NM Oil Price (\$/barrel)	\$37.00	\$37.75	\$38.00	\$45.00	\$45.00	\$48.00	\$59.00	\$50.00	\$60.00	\$53.00	\$56.00
NM Taxable Oil Volumes (million barrels)	150.0	146.0	155.0	140.0	158.0	140.0	160.0	140.0	161.0	140.0	140.0
NM Gas Price (\$ per thousand cubic feet)	\$2.55	\$2.40	\$2.90	\$3.00	\$3.20	\$3.30	\$3.45	\$3.40	\$3.50	\$3.50	\$3.50
NM Taxable Gas Volumes (billion cubic feet)	1,200	1,160	1,170	1,120	1,140	1,080	1,120	1,040	1,100	1,000	965

\* Real GDP is based on U.S. Bureau of Economic Analysis - SAAR Quarterly chained 2009 dollars, billions

\*\* CPI is all urban consumers, U.S. Bureau of Labor Statistics 1982-84=1.00 SA

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

Sources: Aug. 2016 Moody's Analytics baseline US/NM; Oil and natural gas prices also based on Aug. 22 NYMEX, July IHS Global Insight, & Aug. 9 DOE EIA STEO



# General Fund Consensus Revenue Estimate August 2016

Appendix 2

FY2016						FY2017						FY2018					
	Jan 2016 Est.	Aug 2016 Est.	August Revision from Prior Estimate	% Growth from FY15	\$ Growth from FY15		Jan 2016 Est.	Aug 2016 Est.	August Revision from Prior Estimate	% Growth from FY16	\$ Growth from FY16		Jan 2016 Est.	Aug 2016 Est.	August Revision from Prior Estimate	% Growth from FY17	\$ Growth from FY17
Gross Receipts Tax	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	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	2,144.4	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	82.4	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	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	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	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	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	70.1	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	5.5	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	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	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	1,401.0	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	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	1,624.0	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	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	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	13.0	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	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	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	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	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	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	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	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	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	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	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	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	56.5	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	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	6,020.1	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	5.5	18.5	13.0	na	(22.7)		-	62.0	62.0	na	43.5		-	-	-	na	(62.0)
GRAND TOTAL	6,025.6	5,690.6	(335.1)	-8.7%	(545.3)		6,264.6	5,770.4	(494.2)	1.4%	79.8		6,642.0	6,017.4	(624.6)	4.3%	246.9

Note: Columns in blue show difference between January 2016 Consensus Revenue Estimate and August 2016 Consensus Revenue Estimate

Note: Columns in orange show year-over-year growth expected in current August 2016 Consensus Revenue Estimate

# General Fund Consensus Revenue Estimate August 2016

Appendix 2

FY2019						FY2020						FY2021					
	Jan 2016 Est.	Aug 2016 Est.	August Revision from Prior Estimate	% Growth from FY18	\$ Growth from FY18		Jan 2016 Est.	Aug 2016 Est.	August Revision from Prior Estimate	% Growth from FY19	\$ Growth from FY19		Aug 2016 Est.	% Growth from FY20	\$ Growth from FY20		
Gross Receipts Tax	2,460.0	2,167.9	(292.1)	3.7%	78.2		2,593.0	2,241.5	(351.5)	3.4%	73.6		2,310.4	3.1%	68.9		
Compensating Tax	66.6	57.2	(9.4)	8.0%	4.2		66.2	62.4	(3.8)	9.0%	5.1		68.6	10.0%	6.2		
TOTAL GENERAL SALES	2,526.6	2,225.1	(301.5)	3.8%	82.4		2,659.2	2,303.8	(355.4)	3.5%	78.7		2,379.0	3.3%	75.1		
Tobacco Taxes	79.4	74.0	(5.4)	-0.7%	(0.5)		78.4	73.5	(4.9)	-0.7%	(0.5)		73.0	-0.7%	(0.5)		
Liquor Excise	28.9	28.9	-	10.7%	2.8		27.7	27.7	-	-4.2%	(1.2)		27.7	0.0%	-		
Insurance Taxes	243.3	266.0	22.7	6.4%	16.0		255.6	283.0	27.4	6.4%	17.0		300.0	6.0%	17.0		
Fire Protection Fund Reversion	10.0	10.5	0.5	-11.0%	(1.3)		8.5	8.9	0.4	-15.2%	(1.6)		7.3	-18.0%	(1.6)		
Motor Vehicle Excise	161.0	157.7	(3.3)	2.7%	4.1		164.0	162.0	(2.0)	2.7%	4.3		164.0	1.2%	2.0		
Gaming Excise	69.1	63.2	(5.9)	1.0%	0.6		68.0	63.9	(4.1)	1.1%	0.7		64.5	0.9%	0.6		
Leased Vehicle Surcharge	5.2	5.4	0.2	0.0%	-		5.2	5.4	0.2	0.0%	-		5.4	0.0%	-		
Other	2.1	2.1	-	0.0%	-		2.1	2.1	-	0.0%	-		2.1	0.0%	-		
TOTAL SELECTIVE SALES	599.0	607.8	8.8	3.7%	21.7		609.5	626.5	17.0	3.1%	18.7		644.0	2.8%	17.5		
Personal Income Tax	1,606.0	1,404.0	(202.0)	2.9%	39.0		1,683.0	1,444.0	(239.0)	2.8%	40.0		1,494.0	3.5%	50.0		
Corporate Income Tax	163.0	82.0	(81.0)	-6.8%	(6.0)		168.0	94.0	(74.0)	14.6%	12.0		94.0	0.0%	-		
TOTAL INCOME TAXES	1,769.0	1,486.0	(283.0)	2.3%	33.0		1,851.0	1,538.0	(313.0)	3.5%	52.0		1,588.0	3.3%	50.0		
Oil and Gas School Tax	335.9	298.7	(37.2)	-1.1%	(3.3)		355.4	307.8	(47.6)	3.0%	9.1		317.4	3.1%	9.6		
Oil Conservation Tax	17.8	15.7	(2.1)	5.4%	0.8		18.8	16.2	(2.6)	3.2%	0.5		16.8	3.7%	0.6		
Resources Excise Tax	13.0	13.0	-	0.0%	-		13.0	13.0	-	0.0%	-		13.0	0.0%	-		
Natural Gas Processors Tax	10.5	9.7	(0.8)	-4.0%	(0.4)		10.3	9.4	(0.9)	-3.1%	(0.3)		9.4	0.0%	-		
TOTAL SEVERANCE TAXES	377.2	337.1	(40.1)	-0.9%	(2.9)		397.5	346.4	(51.1)	2.8%	9.3		356.6	2.9%	10.2		
LICENSE FEES	57.9	57.9	-	2.3%	1.3		59.3	59.3	-	2.4%	1.4		59.3	0.0%	-		
LGPF Interest	651.9	613.2	(38.7)	5.0%	29.4		693.9	636.3	(57.6)	3.8%	23.1		657.5	3.3%	21.2		
STO Interest	60.9	28.4	(32.5)	25.1%	5.7		74.3	41.4	(32.9)	45.8%	13.0		46.7	12.8%	5.3		
STPF Interest	227.5	217.0	(10.5)	3.0%	6.4		235.9	224.6	(11.3)	3.5%	7.6		236.8	5.4%	12.2		
TOTAL INTEREST	940.3	858.6	(81.7)	5.1%	41.5		1,004.1	902.3	(101.8)	5.1%	43.7		941.0	4.3%	38.7		
Federal Mineral Leasing	445.0	420.0	(25.0)	5.5%	22.0		470.0	433.0	(37.0)	3.1%	13.0		445.0	2.8%	12.0		
State Land Office	55.2	55.2	-	2.8%	1.5		55.7	55.7	-	0.9%	0.5		55.7	0.0%	-		
TOTAL RENTS & ROYALTIES	500.2	475.2	(25.0)	5.2%	23.5		525.7	488.7	(37.0)	2.8%	13.5		500.7	2.5%	12.0		
TRIBAL REVENUE SHARING	71.0	63.6	(7.4)	3.9%	2.4		73.1	63.5	(9.6)	-0.2%	(0.1)		63.6	0.2%	0.1		
MISCELLANEOUS RECEIPTS	61.3	59.9	(1.4)	1.6%	0.9		62.3	61.0	(1.4)	1.7%	1.0		61.0	0.0%	-		
REVERSIONS	50.0	50.0	-	0.0%	-		50.0	50.0	-	0.0%	-		50.0	0.0%	-		
TOTAL RECURRING	6,952.4	6,221.2	(731.2)	3.4%	203.8		7,291.7	6,439.5	(852.2)	3.5%	218.3		6,643.1	3.2%	203.6		
TOTAL NON-RECURRING	-	-	-	na	-		-	-	-	na	-		-	na	-		
GRAND TOTAL	6,952.4	6,221.2	(731.2)	4.7%	203.8		7,291.7	6,439.5	(852.2)	3.5%	218.3		6,643.1	3.2%	203.6		

Note: Columns in blue show difference between January 2016 Consensus Revenue Estimate and August 2016 Consensus Revenue Estimate

Note: Columns in orange show year-over-year growth expected in current August 2016 Consensus Revenue Estimate

**Department of Finance and Administration**  
**GENERAL FUND FINANCIAL SUMMARY**  
**August 2016 Consensus Revenue Forecast**  
**(Dollars in Millions)**

Appendix 3

		<b>Prelim FY2016</b>	<b>Estimated FY2017</b>	<b>Estimated FY2018</b>
<b>REVENUE</b>				
	Recurring Revenue			
1	January 2016 Consensus Forecast	\$ 6,020.2	\$ 6,264.6	\$ 6,642.0
2	<i>August 2016 Consensus Forecast</i>	\$ (348.1)	\$ (556.2)	\$ (624.6)
3	Total Recurring Revenue	\$ 5,672.1	\$ 5,708.4	\$ 6,017.4
	Nonrecurring Revenue			
4	January 2016 Consensus Forecast	\$ 5.5	\$ -	
5	2016 Legislative Session	\$ 13.0	\$ 62.0	
6	Total Non-Recurring Revenue	\$ 18.5	\$ 62.0	
7	<b>TOTAL REVENUE</b>	<b>\$ 5,690.6</b>	<b>\$ 5,770.4</b>	<b>\$ 6,017.4</b>
<b>APPROPRIATIONS</b>				
	Recurring Appropriations			
8	2015 & 2016 Legislative Sessions	\$ 6,203.6	\$ 6,213.0	
9	2016 Session Feed Bill	\$ 6.2	\$ 15.0	
10	<i>2016 Session (GAA &amp; FY16 Sanding)</i>	\$ (31.0)	\$ 6,213.0	
11	Total Recurring Appropriations	\$ 6,209.8	\$ 6,228.0	
	Nonrecurring Appropriations			
13	2015 & 2016 Legislative Sessions	\$ 97.2	\$ 0.3	
14	Total Nonrecurring Appropriations	\$ 97.2	\$ 0.3	
	<b>TOTAL APPROPRIATIONS</b>	<b>\$ 6,307.0</b>	<b>\$ 6,228.3</b>	
15	Transfer to (from) Reserves	\$ (616.5)	\$ (457.9)	
<b>GENERAL FUND RESERVES</b>				
16	Beginning Balances	\$ 613.1	\$ 132.4	
17	Transfers from (to) Appropriations Account	(616.5)	(457.9)	
18	Revenue and Reversions	361.6	58.0	
19	Appropriations, expenditures and transfers out	(225.8)	(55.3)	
20	<b>Ending Balances ***</b>	<b>\$ 132.4</b>	<b>\$ (322.8)</b>	
21	<i>Reserves as a Percent of Recurring Appropriations ***</i>	<i>2.1%</i>	<i>-5.2%</i>	

\*\*\* Will be addressed in the 2016 Special Session and 2017 Regular Session

**Department of Finance and Administration**  
**GENERAL FUND FINANCIAL SUMMARY (Continued)**  
**RESERVE DETAIL**  
(Dollars in Millions)

Appendix 3

		<b>Prelim FY2016</b>	<b>Estimated FY2017</b>	<b>Estimated FY2018</b>
<b>OPERATING RESERVE</b>				
22	Beginning balance	\$ 219.6	\$ (130.8)	\$ (590.7)
23	BOF Emergency Fund and reversions	(2.0)	(2.0)	(2.0)
24	<i>Transfer (to) / from Tax Stabilization Fund</i>	<i>147.5</i>		
25	<i>Contingent Liability for Cash Reconciliation, FY15 Audit*</i>	<i>100.0</i>		
26	<i>2016 Session [HB-311 fund transfers &amp; MOE unrestricted]**</i>	<i>40.6</i>		
27	Transfer to ACF	(20.0)		
28	Transfers from (to) appropriation account	(616.5)	(457.9)	
29	Ending balance	\$ (130.8)	\$ (590.7)	\$ (592.7)
<b>APPROPRIATION CONTINGENCY FUND</b>				
30	Beginning balance	\$ 28.5	\$ 41.3	\$ 34.0
31	Disaster allotments	(16.3)	(16.0)	(16.0)
32	Transfer from Oper Reserve to ACF (2013 & 2014 GAA)	20.0		
33	<i>2016 Session (CYFD relocation - HB2)</i>		(0.3)	
34	Revenue and reversions	9.0	9.0	9.0
35	Ending Balance	\$ 41.3	\$ 34.0	\$ 27.0
<b>Education Lock Box</b>				
36	Beginning balance	\$ 0.0	\$ -	
38	Transfers in (out)	-	-	
39	Ending balance	\$ 0.0	\$ -	
<b>STATE SUPPORT FUND</b>				
40	Beginning balance	\$ 1.0	\$ 2.4	\$ 2.4
41	Revenues***	\$ 1.4	\$ -	
42	Appropriations	\$ -	\$ -	
43	Ending balance	\$ 2.4	\$ 2.4	\$ 2.4
<b>TOBACCO PERMANENT FUND</b>				
44	Beginning balance	\$ 216.4	\$ 219.4	\$ 231.4
45	Transfers in	39.6	37.0	37.0
46	Appropriation to tobacco settlement program fund	(18.5)	(18.5)	(18.5)
47	Gains/Losses	3.6	12.0	13.0
48	Additional transfers to Program Fund	(21.6)	(18.5)	
49	Ending balance	\$ 219.4	\$ 231.4	\$ 262.9
<b>TAX STABILIZATION RESERVE</b>				
50	Beginning balance	\$ 147.5	\$ -	\$ -
51	Transfers out	(147.5)	-	-
52	Ending balance	\$ -	\$ -	\$ -
53	<b>GENERAL FUND ENDING BALANCES ***</b>	<b>\$ 132.4</b>	<b>\$ (322.9)</b>	
54	<i>Percent of Recurring Appropriations ***</i>	<i>2.1%</i>	<i>-5.2%</i>	

\*\*\* Will be addressed in the 2016 Special Session and 2017 Regular Session