Presentation to the New Mexico Legislative Finance Committee:
General Fund Consensus Revenue Estimate — August 25, 2014
Demesia Padilla, CPA, Cabinet Secretary
N.M. Taxation and Revenue Department

Summary

In keeping with a time-proven tradition, the Consensus Revenue Estimating Group (CREG) - professional economists at the Taxation and Revenue Department (TRD), the Department of Finance and Administration (DFA), the Department of Transportation (DOT), and the Legislative Finance Committee (LFC) - worked together to produce the consensus revenue estimate.

Table 1 provides a summary of the revisions to previously-estimated revenues contained in the most recent consensus forecast, which was released in December of 2013. Table 2 summarizes the estimated revenues of the major sectors. For more detail see Attachment 1.

Table 1
August 2014 Consensus General Fund Recurring Revenue Outlook
(Millions of Dollars)

	FY14	FY15	FY16	FY17	FY18	FY19
December 2013 Estimate	$5,861	$6,184	$6,364	$6,558	$6,748	$0
August 2014 Revisions	$146	$56	$72	$130	$171	$0
August 2014 Consensus	$6,008	$6,240	$6,436	$6,689	$6,919	$7,171
Annual Change	$299	$232	$196	$253	$231	$251
Annual Percent Change	5.2%	3.9%	3.1%	3.9%	3.4%	3.6%

FY14 recurring revenue is $146 million over the December estimate, largely due to strength in oil and gas receipts, and growth in personal income tax.

Revenue growth in FY15 of $56 million and in FY16 of $72 million is also largely due to strength in oil and gas receipts.

After these revisions FY14 is expected to grow by 5.2 percent, FY15 by 3.9 percent, and FY16 by 3.1 percent.

"New money" – FY16 recurring revenue less FY15 recurring appropriations – is estimated at $285 million, equivalent to about 4.6 percent of FY15 recurring appropriations.

While the revenue outlook is generally positive, it relies on elevated oil prices that may prove optimistic if the unprecedented boom in domestic oil production continues or if expected growth in emerging markets does not materialize. The state should maintain reserves of at least 10 percent in order to mitigate this and other potential risks to the outlook.

Table 2
August 2014 Consensus General Fund Recurring Revenue Outlook
(Millions of Dollars)

	FY14	FY15	FY16	FY17	FY18	FY19
Gross receipts tax	$1,976	$2,061	$2,160	$2,298	$2,393	$2,510
Selective sales taxes	$448	$493	$508	$533	$574	$586
Personal income tax	$1,250	$1,305	$1,345	$1,405	$1,465	$1,530
Corporate income tax	$205	$215	$210	$200	$160	$150
Energy-related revenues	$1,152	$1,170	$1,162	$1,157	$1,149	$1,142
Investment earnings	$654	$704	$784	$819	$897	$965
Other revenues	$323	$291	$267	$277	$282	$287
Total Recurring Revenue	**$6,008**	**$6,240**	**$6,436**	**$6,689**	**$6,919**	**$7,171**
Percent Change	5.2%	3.9%	3.1%	3.9%	3.4%	3.6%

Table 3
August 2014 Revisions (Change from December 2013 Estimate)
(Millions of Dollars)

	FY14	FY15	FY16	FY17	FY18
Gross receipts tax	($0)	($30)	($33)	($11)	($13)
Selective sales taxes	($13)	($26)	($24)	($27)	($26)
Personal income tax	$39	$25	$10	$5	$30
Corporate income tax	($74)	($74)	($66)	($44)	($46)
Energy-related revenues	$139	$129	$153	$155	$155
Investment earnings	$26	$22	$40	$54	$71
Other revenues	$29	$10	($8)	($2)	($1)
Total Recurring Revenue	**$146**	**$56**	**$72**	**$130**	**$171**

Gross Receipts Taxes

Figure 1 shows that taxable gross receipts have shown a consistent pattern of growth since 1991 except for the recession years 2009 – 2010. FY14 taxable gross receipts (TGR) grew by $936 million over FY13, an increase of just under two percent. In all, 15 sectors showed growth year-over-year, while six sectors decreased. Figure 2 shows the increases or decreases to selected sectors over the past five years.

Figure 1: Taxable Gross Receipts

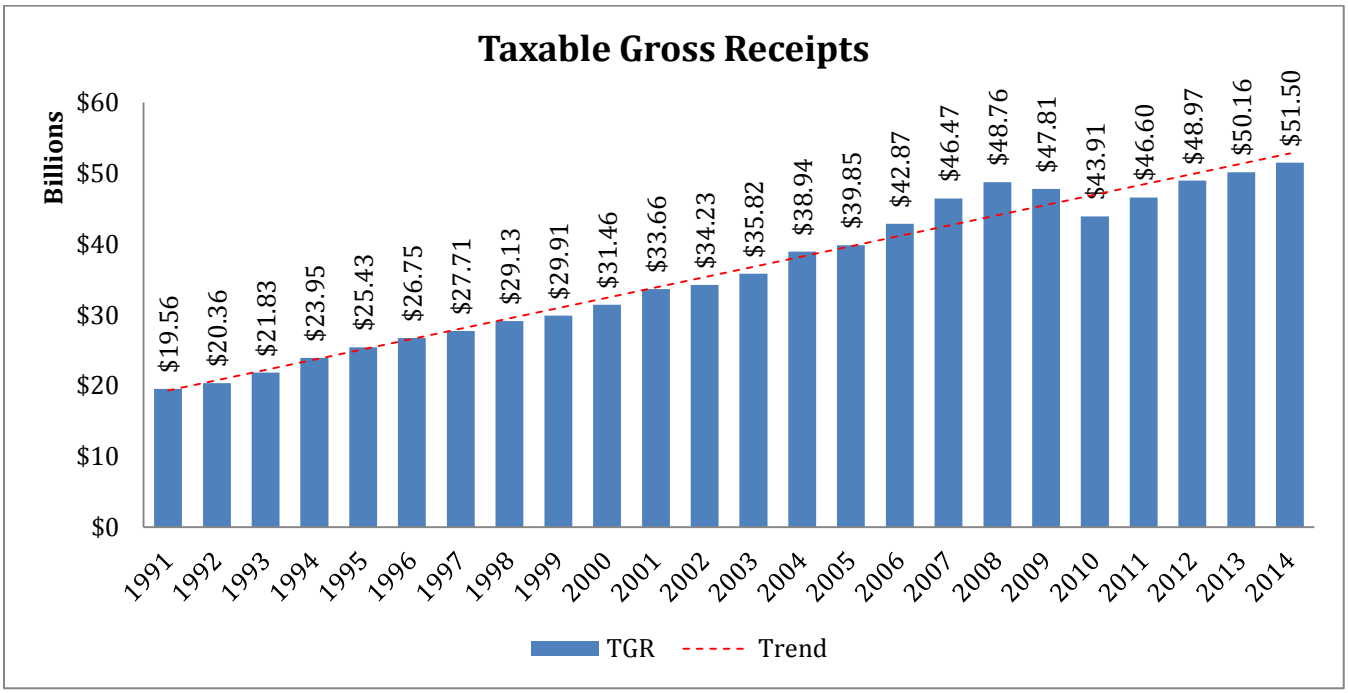
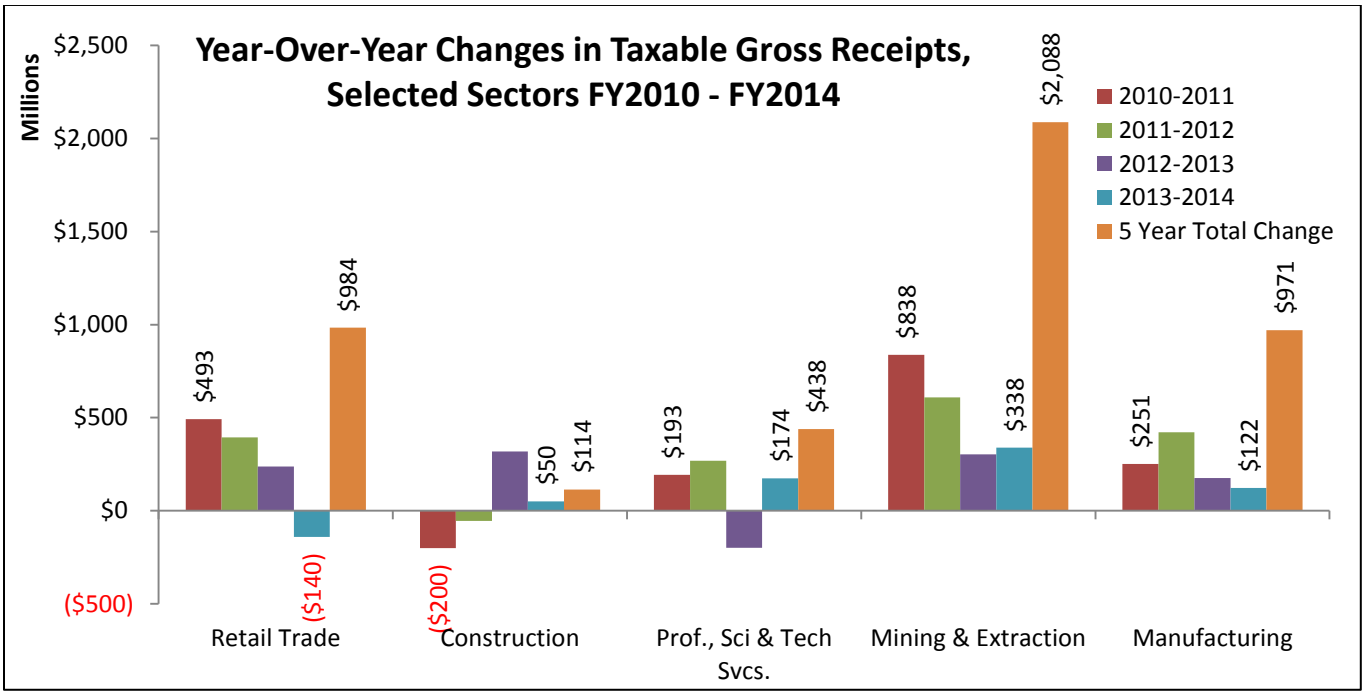
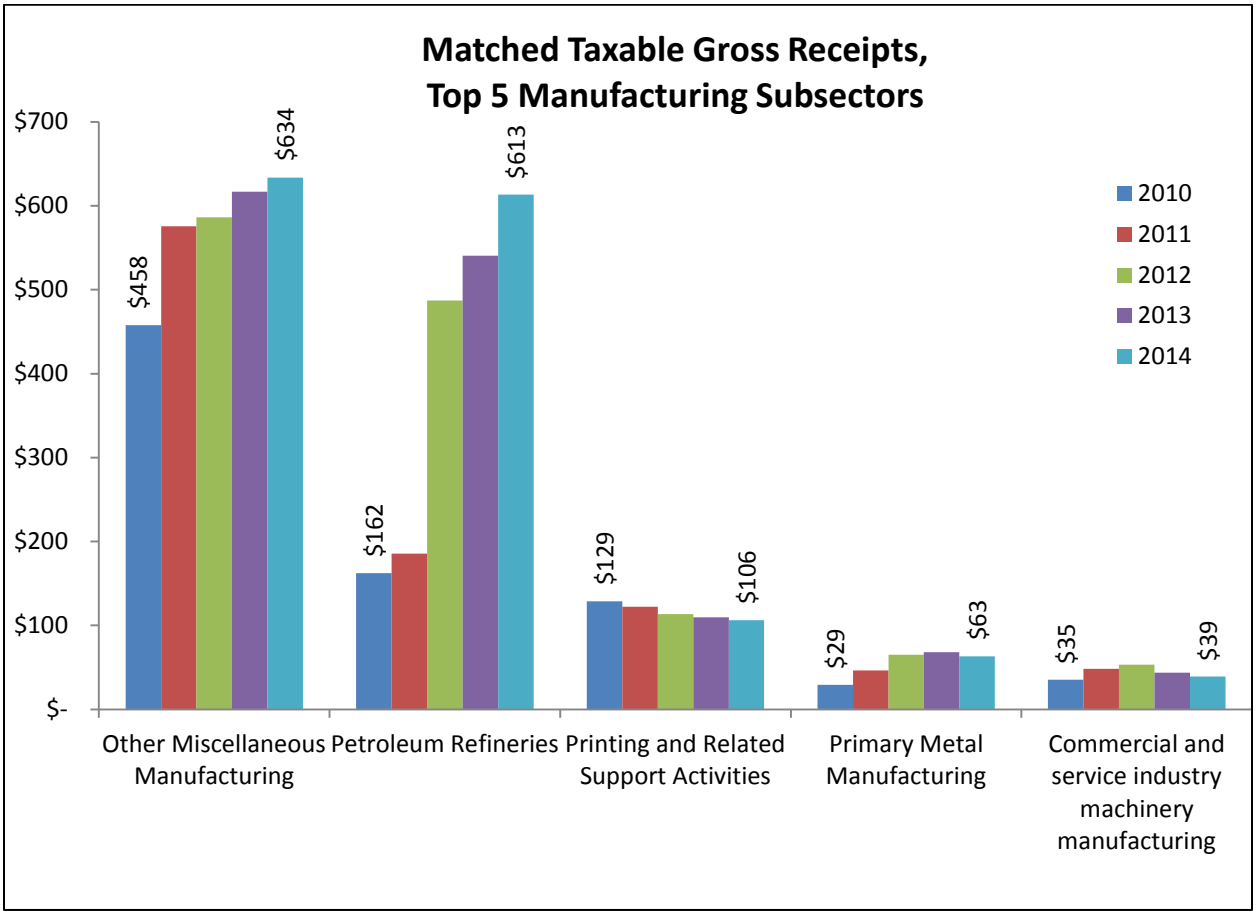


Figure 2: Changes In Taxable Gross Receipts, Selected Sectors



On a sector-by-sector basis, the biggest gainers were Mining & Oil and Gas Extraction, up $338 million over FY13 and Professional, Scientific, and Technical Services which grew by $173 million in TGR year-over-year. The sectors with the biggest decrease in taxable gross receipts were Transportation and Warehousing, down $147 million and Retail Trade, the biggest sector in terms of TGR, which decreased by $140 million.

Figure 3: Top 5 Manufacturing Subsectors



In addition to direct increases to TGR from oil and gas extraction, manufacturing gains are also due largely to increases in subsectors related to oil and gas extraction. Taxable gross receipts from one subsector alone, Petroleum Refineries, have increased by over $450 million since FY10. Figure 3 illustrates the TGR levels of the five largest manufacturing subsectors.

Compensating Taxes

Compensating tax is still one of the most difficult of the tax revenue streams to forecast. Currently, the forecast is driven by oil values, which are forecast to be flat. Legislatively, the locomotive fuel deduction was also expanded recently, and is largely expected to impact compensating tax. FY14 came in much stronger than previously forecast, however, which raised the level of forecasted compensating tax going forward. TRD is currently undertaking a study to estimate a potential linkage between strong compensating tax receipts and lowered corporate income tax revenues. The hypothesis being tested is that cash-flush firms are increasing investments in equipment taxable under the compensating tax, and thereby reducing corporate profits and corporate income taxes by extension.

Premium Taxes

The revisions for insurance tax premiums reflect a large degree of uncertainty surrounding the implementation of the Patient Protection and Affordable Care Act (PPACA). There is a potential for significant increases in the premium tax, but having received less revenues than anticipated in FY14, the expected premium tax revenue has been lowered in the forecast years.

Liquor Excise Taxes

Liquor Excise taxes remain steady and we don't anticipate any major decline or increase in the near future. There were some changes introduced during 2014 legislative session affecting Liquor Tax distribution to DWI Grant Fund Chapter 54 [HB-16]. This law amends Section 7-1-6.40 NMSA 1978, to increase the distribution of liquor excise tax revenue to the Local DWI Grant Fund to 46 percent for fiscal years 2016 through 2018 which reduces General fund distribution by an average of $2 M for the respective fiscal years. The second change to the distribution was the introduction of the Lottery Tuition Scholarship Fund Solvency Chapter 80 [SB-347 (Section 7)] which amends the Tax Administration Act to provide for a distribution, from July 1, 2015 to July 1, 2017, of thirty-nine percent to the Lottery Tuition Fund; the overall effect leads to a reduction of general fund distribution by about $19 M for the time the amendments are in effect.

Personal Income Taxes

Personal income taxes came in slightly stronger than anticipated in FY14. Legislative changes in 2014 included Exclude NOL Carryover for up to 20 Years Chapter 53 [SB-106 (Section 1)]. Section 1 of this law amends the Income Tax Act to allow the net operating loss (NOL) carryover for nineteen years instead of four in the previous law after the taxable year to which the exclusion first applies, for taxable years beginning on or after January 1, 2013. The impact of the changes will occur after 2018. Section 2 of this law amends the Corporate Income Tax Act in the same way.

Corporate Income Taxes

Corporate Income Tax (CIT) collections were revised downward to reflect lower FY14 revenue and more pessimistic national forecasts of total industrial production. FY14 is lower partially due to taxpayers making lower estimated payments than in previous years. The forecast assumes the $50 million cap on film production tax credits is reached in all years. 2013 legislative session changes began to affect CIT collections in FY14.

The top corporate tax rate, long one of the highest in the region[1], will be reduced from 7.6 percent to 5.9 percent over five years, beginning in Tax Year 2014. Manufacturers, with certain limitations, will also be allowed to elect to use an apportioning factor which, over five years, gradually shifts to a sales factor-only apportioning. Although these changes will reduce CIT taxes gradually over the next several years, they create a more favorable environment for businesses to locate in New Mexico. Increased investment in response to this incentive should contribute to a greater corporate tax base, as well as increasing PIT and state and local gross receipts taxes.

Severance Taxes

The stronger Severance Tax forecast largely relates to much higher oil production volumes and oil prices which appear to provide a sustainable base-level of production through the forecast period, while revenues from natural gas production continue to decline. However, the continuing very successful development of multi-lateral wells throughout New Mexico is a substantial source of optimism moving forward.

Natural Resource Extractive Sectors

Oil exploration and production continue to show considerable strength, which continues to drive much of the observed economic growth in New Mexico. New Mexico oil prices have been much stronger than previously expected.

New Mexico crude oil price was estimated to be $95.75 in FY14, $2.75 higher than the December 2013 forecast. The CREG now expects New Mexico oil prices to average $92.00 in FY15 and $88.00 in FY16, showing a $5.50 increase for FY15 and $3.50 increase for FY16 from the December 2013 forecast.

Crude oil production in New Mexico was estimated to increase by 14.1 percent in FY14, reaching 110 million barrels. The CREG also expects production to increase gradually over the next few years. An approximate 6.4 percent increase is estimated for FY15, and 4.3 percent increase for FY16.

Natural gas prices in New Mexico averaged approximately $5.15 in FY14, $0.30 higher than the December 2013 forecast. The consensus group now expects New Mexico gas prices to average $5.20 in FY15 and $5.25 in FY16, showing a $0.10 increase for FY15 and $0.05 increase for FY16 from the December 2013 forecast.

Natural gas production was estimated to fall again in FY14, but at a slower rate than in the recent past. The FY14 decline was at about 0.6 percent. In recent activity months, the natural gas production showed some strength compared to the same period of FY13. This increase has pushed up the gas volume forecast in all years. The CREG

[1] Among New Mexico (7.6%), Arizona (6.968%), California (8.84%), Colorado (4.63%), Kansas (7.0%), Oklahoma (6.0%) and Utah (5.0%), only California has a higher top corporate income tax rate than New Mexico's prior to the changes. Texas' tax system is substantially different from New Mexico, which makes direct comparison difficult. Nonetheless, Texas has no corporate income tax.

is expecting total production to be 1,158 billion cubic feet in FY15 and 1,124 billion cubic feet in FY16 with both years' forecasts higher than the December 2013 forecast.

Looking Forward

The New Mexico economy appears to have settled into a pattern of slow but stable growth (see Attachment 2). Nationally, GDP was revised downward to -2.9 percent, from last month's -1.0% and the prior month's +0.1 percent. The largest driver of this latest downward revision came from healthcare consumption and was due to the incorporation of more recent historical services spending statistics according to IHS Economics. The second largest driver of the revision was a widening of the trade deficit. Forecasters expect trade to continue to subtract from growth as the economy continue to pick up steam. Overall GDP is expected to grow 2 percent in FY14, 2.3 percent in F Y15 and 3 percent in FY16.

Europe and the Middle East continue to lend to global uncertainty. Uncertainties over the Russia/Ukraine crisis have slightly abated. According to IHS Economics, the upheaval in Iraq is now at the forefront of fears in oil markets. The ISIS threat increases supply risks for a global oil market, where the OPEC spare capacity cushion is relatively thin. This threat will also keep prices elevated in the coming months.

Inflation grew 1.6 percent in FY14 and is expected to grow 2.1 percent in FY15 and 1.2 percent in FY16.

According to the Bureau of Business and Economic Research (BBER), New Mexico non-agricultural employment grew 0.7 percent and is expected to continue its slow growth in FY15 at 1.4 percent and in FY16 at 1.3 percent. Beginning in 2016 BBER anticipates New Mexico to add about 10,000 jobs per year with 9 out of 10 of these jobs added to the private sector. Personal income growth was 2.8 percent in FY14 and is expected to grow 4 percent in FY15 and 4.8 percent in FY16. Part of the growth came from higher transfer payments but most of the growth was driven by private wage and salary disbursements, which account for over one-third of total personal income in New Mexico. Private wages and salaries were revised down from December 2013 but still grew 2.9 percent in FY14 and are expected to grow 4.1 percent in FY15 and 4.5 percent in FY16. Total wages and salaries were revised down from December 2013 but still grew 2 percent in FY14 and are expected to grow 3.3 percent in FY15 and 3.7 percent in FY16.

Risks to the Forecast

The result of the Court's decision in *Eunice v. State of New Mexico Taxation and Revenue Department* creates a risk to the GRT forecast. Given the uncertainty about the legal status of the case (the Department has filed a Motion for Rehearing with the NM Supreme Court) and the administrative complexity involved in determining the fiscal impact of the Court of Appeals' decision, it is not yet possible to estimate the potential impact.

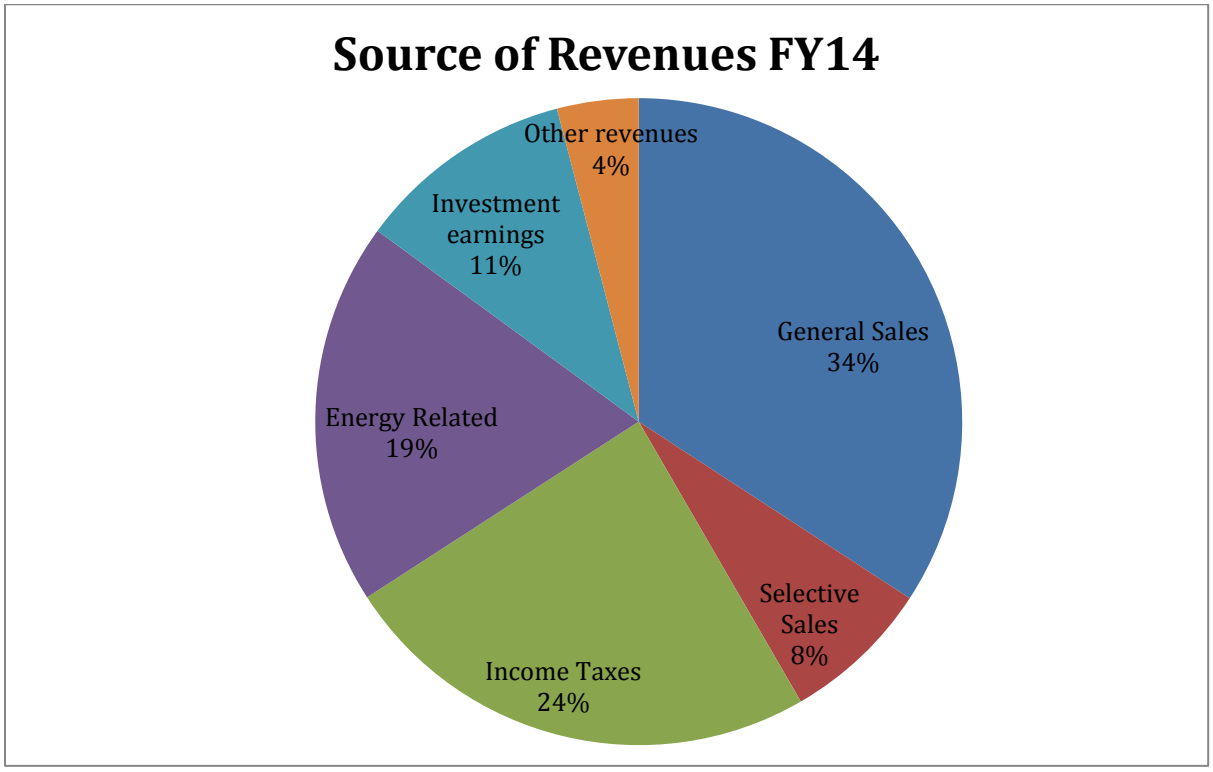
The 2001 Gaming Compacts expires at the end of FY15. There are five tribes under the 2001 compact and nine tribes under the 2007 compact. Because the forecast assumes that there will be no changes to law and because the compacts have not been renewed, there is a $20 million revenue loss to the tribal revenue sharing estimate starting in FY16 from the five tribes.

Claims for the High Wage Jobs Tax Credit (HWJTC) have significantly reduced as a result of the 2013 legislative changes. The HWJTC continues to be a risk as TRD has $64 million in HWJTC denials in protest. This is a liability to the revenue estimate that has not been included.

Source of Revenues

Figure 4 below shows that the majority of general fund revenue comes from general sales or the gross receipts tax at 34 percent, while the second largest revenue source is from personal and corporate income taxes at 24 percent, followed by energy-related revenues at 19 percent.

Figure 4: Source of Revenues



General Fund Consensus Revenue Estimate
August 2014

Appendix 1

	FY14					FY15					FY16				
	Dec 2013 Adj. for Legislation	Pre-liminary Actual	Change from Prior	% Change from FY13	$ Change from FY13	Dec 2013 Adj. for Legis.	Aug 2014 Est.	Change from Prior	% Change from FY14	$ Change from FY14	Dec 2013 Adj. for Legis.	Aug 2014 Est.	Change from Prior	% Change from FY15	$ Change from FY15
Gross Receipts Tax	1,976.2	1,976.0	(0.2)	3.0%	58.3	2,090.6	2,061.0	(29.6)	4.3%	85.0	2,193.2	2,160.0	(33.2)	4.8%	99.0
Compensating Tax	50.4	78.2	27.8	53.6%	27.3	52.1	63.9	11.8	-18.3%	(14.3)	51.2	65.9	14.7	3.1%	2.0
TOTAL GENERAL SALES	2,026.6	2,054.2	27.6	4.3%	85.6	2,142.7	2,124.9	(17.8)	3.4%	70.7	2,244.4	2,225.9	(18.5)	4.8%	101.0
Tobacco Taxes	83.6	79.4	(4.2)	-7.7%	(6.7)	82.5	79.8	(2.7)	0.5%	0.4	81.6	78.7	(2.9)	-1.4%	(1.1)
Liquor Excise	27.3	26.5	(0.8)	1.0%	0.3	27.5	27.2	(0.3)	2.6%	0.7	6.5	6.9	0.4	-74.5%	(20.3)
Insurance Taxes	126.7	115.5	(11.2)	7.4%	8.0	182.0	159.0	(23.0)	37.7%	43.5	210.7	188.0	(22.7)	18.2%	29.0
Fire Protection Fund Reversion	17.4	17.4	-	-5.0%	(0.9)	16.5	16.5	0.0	-5.2%	(0.9)	15.5	15.5	0.0	-6.1%	(1.0)
Motor Vehicle Excise	133.2	132.9	(0.3)	5.9%	7.4	137.5	137.3	(0.2)	3.3%	4.4	142.8	142.9	0.1	4.1%	5.6
Gaming Excise	64.4	66.4	2.0	5.3%	3.3	65.5	67.9	2.4	2.3%	1.5	66.7	68.1	1.4	0.3%	0.2
Leased Vehicle Surcharge	5.5	5.2	(0.3)	4.6%	0.2	5.5	5.3	(0.2)	1.9%	0.1	5.6	5.3	(0.3)	0.0%	-
Other	2.4	4.3	1.9	-269.8%	6.8	2.4	0.3	(2.2)	-94.1%	(4.0)	2.4	2.4	-	860.0%	2.2
TOTAL SELECTIVE SALES	460.5	447.5	(13.0)	7.3%	18.3	519.4	493.3	(26.2)	10.2%	45.7	531.8	507.8	(23.9)	3.0%	14.6
Personal Income Tax	1,211.5	1,250.0	38.5	0.7%	9.1	1,280.0	1,305.0	25.0	4.4%	55.0	1,335.0	1,345.0	10.0	3.1%	40.0
Corporate Income Tax	279.0	205.0	(74.0)	-23.3%	(62.2)	289.0	215.0	(74.0)	4.9%	10.0	276.0	210.0	(66.0)	-2.3%	(5.0)
TOTAL INCOME TAXES	1,490.5	1,455.0	(35.5)	-3.5%	(53.1)	1,569.0	1,520.0	(49.0)	4.5%	65.0	1,611.0	1,555.0	(56.0)	2.3%	35.0
Oil and Gas School Tax	427.1	481.0	53.9	26.6%	101.1	421.2	487.3	66.1	1.3%	6.3	419.5	482.9	63.4	-0.9%	(4.4)
Oil Conservation Tax	23.3	26.2	2.9	26.1%	5.4	22.9	26.6	3.7	1.5%	0.4	22.9	26.4	3.5	-0.8%	(0.2)
Resources Excise Tax	11.5	11.5	-	-14.7%	(2.0)	11.5	11.5	-	0.0%	-	11.5	11.5	-	0.0%	-
Natural Gas Processors Tax	15.8	16.3	0.5	-32.6%	(7.9)	17.8	18.8	1.0	15.3%	2.5	18.1	20.9	2.8	11.2%	2.1
TOTAL SEVERANCE TAXES	477.7	535.0	57.3	22.0%	96.6	473.4	544.2	70.8	1.7%	9.2	472.0	541.7	69.7	-0.5%	(2.5)
LICENSE FEES	49.9	51.8	1.9	3.6%	1.8	50.6	51.6	1.0	-0.4%	(0.2)	51.2	51.8	0.6	0.3%	0.2
LGPF Interest	445.3	449.0	3.7	1.8%	8.1	489.4	496.2	6.8	10.5%	47.2	529.9	545.6	15.7	10.0%	49.4
STO Interest	12.1	34.5	12.3	134.1%	19.8	13.5	25.0	11.5	-27.5%	(9.5)	28.0	45.0	17.0	80.0%	20.0
STPF Interest	170.4	170.5	0.1	-3.2%	(5.7)	179.4	182.7	3.3	7.2%	12.2	186.1	193.6	7.5	6.0%	10.9
TOTAL INTEREST	627.8	654.0	26.2	3.5%	22.2	682.3	703.9	21.6	7.6%	49.8	744.0	784.2	40.2	11.4%	80.4
Federal Mineral Leasing	490.0	569.7	79.7	23.9%	110.1	520.0	573.1	53.1	0.6%	3.4	490.0	569.4	79.4	-0.6%	(3.7)
State Land Office	45.2	47.5	2.3	6.4%	2.9	47.6	52.9	5.3	11.4%	5.4	46.7	50.6	3.8	-4.4%	(2.4)
TOTAL RENTS & ROYALTIES	535.2	617.2	82.0	22.4%	112.9	567.6	626.0	58.4	1.4%	8.8	536.7	619.9	83.2	-1.0%	(6.1)
TRIBAL REVENUE SHARING	72.5	69.0	(3.5)	-2.4%	(1.7)	74.4	70.0	(4.4)	1.4%	1.0	77.7	53.3	(24.4)	-23.9%	(16.7)
MISCELLANEOUS RECEIPTS	49.2	52.4	3.2	27.0%	11.1	51.2	52.9	1.7	1.0%	0.5	54.9	56.1	1.2	6.0%	3.2
REVERSIONS	71.4	71.4	-	8.6%	5.6	53.0	53.0	-	-25.8%	(18.4)	40.0	40.0	-	-24.5%	(13.0)
TOTAL RECURRING	5,861.3	6,007.5	146.2	5.2%	299.5	6,183.6	6,239.7	56.1	3.9%	232.2	6,363.6	6,435.7	72.1	3.1%	196.0
TOTAL NON-RECURRING	-	-	-	-100.0%	(0.6)	-	-	-	na	-	-	-	-	na	-
GRAND TOTAL	5,861.3	6,007.5	146.2	5.2%	298.9	6,183.6	6,239.7	56.1	3.9%	232.2	6,363.6	6,435.7	72.1	3.1%	196.0

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	FY17					FY18					FY19		
	Dec 2013 Adj. for Legis.	Aug 2014 Est.	Change from Prior	% Change from FY16	$ Change from FY16	Dec 2013 Adj. for Legis.	Aug 2014 Est.	Change from Prior	% Change from FY17	$ Change from FY17	Aug 2014 Est.	% Change from FY18	$ Change from FY18
Gross Receipts Tax	2,308.7	2,298.0	(10.7)	6.4%	138.0	2,405.6	2,393.0	(12.6)	4.1%	95.0	2,510.0	4.9%	117.0
Compensating Tax	51.3	70.4	19.1	6.8%	4.5	50.4	70.5	20.1	0.2%	0.1	72.7	3.1%	2.2
TOTAL GENERAL SALES	2,360.0	2,368.4	8.4	6.4%	142.5	2,456.0	2,463.5	7.5	4.0%	95.1	2,582.7	4.8%	119.2
Tobacco Taxes	80.6	77.2	(3.4)	-1.9%	(1.5)	79.7	76.0	(3.7)	-1.6%	(1.2)	74.5	-2.0%	(1.5)
Liquor Excise	6.7	7.1	0.4	2.9%	0.2	26.4	26.6	0.2	273.0%	19.5	29.4	10.4%	2.8
Insurance Taxes	235.5	210.0	(25.5)	11.7%	22.0	255.7	230.0	(25.7)	9.5%	20.0	240.0	4.3%	10.0
Fire Protection Fund Reversion	14.3	13.8	(0.5)	-11.0%	(1.7)	12.6	12.1	(0.5)	-12.3%	(1.7)	10.3	-14.9%	(1.8)
Motor Vehicle Excise	146.7	148.4	1.7	3.8%	5.5	149.8	152.7	2.9	2.9%	4.3	155.4	1.8%	2.7
Gaming Excise	68.1	68.3	0.2	0.3%	0.2	67.0	68.5	1.5	0.3%	0.2	68.8	0.4%	0.3
Leased Vehicle Surcharge	5.6	5.4	(0.2)	1.9%	0.1	5.7	5.4	(0.3)	0.0%	-	5.5	1.9%	0.1
Other	2.4	2.4	-	0.0%	-	2.4	2.4	-	0.0%	-	2.4	0.0%	-
TOTAL SELECTIVE SALES	560.0	532.6	(27.3)	4.9%	24.8	599.3	573.7	(25.6)	7.7%	41.1	586.3	2.2%	12.6
Personal Income Tax	1,400.0	1,405.0	5.0	4.5%	60.0	1,435.0	1,465.0	30.0	4.3%	60.0	1,530.0	4.4%	65.0
Corporate Income Tax	244.0	200.0	(44.0)	-4.8%	(10.0)	206.0	160.0	(46.0)	-20.0%	(40.0)	150.0	-6.3%	(10.0)
TOTAL INCOME TAXES	1,644.0	1,605.0	(39.0)	3.2%	50.0	1,641.0	1,625.0	(16.0)	1.2%	20.0	1,680.0	3.4%	55.0
Oil and Gas School Tax	417.9	483.0	65.1	0.0%	0.1	415.3	480.6	65.3	-0.5%	(2.4)	478.2	-0.5%	(2.4)
Oil Conservation Tax	22.8	26.5	3.7	0.4%	0.1	22.8	26.5	3.7	0.0%	-	26.4	-0.4%	(0.1)
Resources Excise Tax	11.5	11.5	-	0.0%	-	11.5	11.5	-	0.0%	-	11.5	0.0%	-
Natural Gas Processors Tax	18.0	19.7	1.7	-5.7%	(1.2)	17.6	19.3	1.7	-2.0%	(0.4)	18.7	-3.1%	(0.6)
TOTAL SEVERANCE TAXES	470.2	540.7	70.5	-0.2%	(1.0)	467.2	537.9	70.7	-0.5%	(2.8)	534.8	-0.6%	(3.1)
LICENSE FEES	52.1	51.9	(0.2)	0.2%	0.1	53.3	52.0	(1.3)	0.1%	0.1	52.0	0.1%	0.0
LGPF Interest	516.0	540.2	24.2	-1.0%	(5.4)	559.2	595.1	35.8	10.2%	54.8	648.1	8.9%	53.1
STO Interest	57.0	75.0	18.0	66.7%	30.0	67.0	85.0	18.0	13.3%	10.0	90.0	5.9%	5.0
STPF Interest	191.4	203.5	12.1	5.1%	9.8	199.4	216.6	17.2	6.4%	13.1	227.2	4.9%	10.7
TOTAL INTEREST	764.4	818.7	54.3	4.4%	34.5	825.6	896.6	71.0	9.5%	77.9	965.3	7.7%	68.7
Federal Mineral Leasing	485.0	567.2	82.2	-0.4%	(2.1)	480.0	562.5	82.5	-0.8%	(4.7)	557.8	-0.8%	(4.7)
State Land Office	46.7	49.3	2.6	-2.5%	(1.3)	46.7	48.9	2.2	-0.8%	(0.4)	49.1	0.4%	0.2
TOTAL RENTS & ROYALTIES	531.7	616.5	84.8	-0.5%	(3.4)	526.7	611.4	84.7	-0.8%	(5.1)	606.9	-0.7%	(4.5)
TRIBAL REVENUE SHARING	79.7	56.2	(23.5)	5.4%	2.9	81.7	58.4	(23.3)	3.9%	2.2	60.5	3.6%	2.1
MISCELLANEOUS RECEIPTS	56.2	58.7	2.5	4.7%	2.7	57.5	61.0	3.5	3.8%	2.2	62.1	1.8%	1.1
REVERSIONS	40.0	40.0	-	0.0%	-	40.0	40.0	-	0.0%	-	40.0	0.0%	-
TOTAL RECURRING	6,558.3	6,688.7	130.4	3.9%	253.0	6,748.3	6,919.5	171.1	3.4%	230.7	7,170.6	3.6%	251.1
TOTAL NON-RECURRING	-	-	-	na	-	-	-	-	na	-	-	na	-
GRAND TOTAL	6,558.3	6,688.7	130.4	3.9%	253.0	6,748.3	6,919.5	171.1	3.4%	230.7	7,170.6	3.6%	251.1

U.S. and New Mexico Economic Indicators **Appendix 2**

		FY14		FY15		FY16		FY17		FY18		FY19
		Dec13 Forecast	Aug14 Forecast	Dec13 Forecast	Aug14 Forecast	Dec13 Forecast	Aug14 Forecast	Dec13 Forecast	Aug14 Forecast	Dec13 Forecast	Aug14 Forecast	Aug14 Forecast
	National Economic Indicators											
GI	US Real GDP Growth (annual avg. ,% YOY)*	1.9	2.0	3.0	2.3	3.2	3.0	3.2	3.4	3.0	2.9	2.7
Moody's	US Real GDP Growth (annual avg. ,% YOY)*	2.1	2.0	4.0	2.7	3.5	3.6	2.7	3.1	2.1	2.5	1.9
GI	US Inflation Rate (CPI-U, annual avg., % YOY)**	1.5	1.6	1.7	2.1	1.8	1.2	1.9	1.9	1.9	1.9	1.9
Moody's	US Inflation Rate (CPI-U, annual avg., % YOY)**	1.5	1.5	2.0	2.1	2.3	2.3	2.5	2.7	2.4	2.9	2.7
GI	Federal Funds Rate (%)	0.13	0.08	0.16	0.11	1.10	0.97	3.17	2.96	4.00	4.00	4.00
Moody's	Federal Funds Rate (%)	0.08	0.08	0.11	0.11	1.17	1.09	3.26	3.13	4.02	3.94	4.04
	New Mexico Labor Market and Income Data											
BBER	NM Non-Agricultural Employment Growth	1.2	0.7	1.6	1.4	1.6	1.3	1.6	1.4	1.3	1.3	1.1
Moody's	NM Non-Agricultural Employment Growth	1.0	0.1	1.8	0.8	2.3	1.5	1.7	1.7	1.1	1.1	0.7
BBER	NM Nominal Personal Income Growth (%)***	1.8	2.8	4.3	4.0	4.7	4.8	5.1	5.4	5.1	5.2	4.8
Moody's	NM Nominal Personal Income Growth (%)***	1.6	1.7	2.6	2.4	4.1	3.3	4.1	4.8	3.4	4.2	3.6
BBER	NM Total Wages & Salaries Growth (%)	2.9	2.0	3.9	3.3	4.1	3.7	4.4	4.1	4.3	4.2	4.1
Moody's	NM Total Wages & Salaries Growth (%)	1.8	1.9	5.5	3.3	5.7	5.1	5.0	5.2	4.6	4.6	4.4
BBER	NM Private Wages & Salaries Growth (%)	3.6	2.9	4.5	4.1	4.8	4.5	4.9	4.8	4.5	4.8	4.6
BBER	NM Real Gross State Product (% YOY)	-1.0	1.7	2.8	1.9	3.5	3.0	3.0	3.4	2.9	3.1	2.8
Moody's	NM Real Gross State Product (% YOY)	2.4	1.8	3.8	3.2	3.6	3.4	2.3	2.8	1.6	2.5	1.8
CREG	NM Oil Price ($/barrel)	$93.00	$95.75	$86.50	$92.00	$84.50	$88.00	$83.50	$87.00	$83.50	$86.00	$85.00
CREG	NM Taxable Oil Volumes (million barrels)	99.0	110.0	103.0	117.0	106.0	122.0	108.0	125.0	109.0	127.0	129.0
	NM Taxable Oil Volumes (%YOY growth)	5.1%	16.8%	4.0%	6.4%	2.9%	4.3%	1.9%	2.5%	0.9%	1.6%	1.6%
CREG	NM Gas Price ($ per thousand cubic feet)****	$4.85	$5.15	$5.10	$5.20	$5.20	$5.25	$5.30	$5.30	$5.35	$5.35	$5.40
CREG	NM Taxable Gas Volumes (billion cubic feet)	1,130	1,170	1,090	1,158	1,050	1,124	1,010	1,090	970	1,057	1,025
	NM Taxable Gas Volumes (%YOY growth)	-3.8%	-4.6%	-3.5%	-1.0%	-3.7%	-2.9%	-3.8%	-3.0%	-4.0%	-3.0%	-3.0%

TRD Notes

* Real GDP is BEA chained 2009 dollars, billions, annual rate

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

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

Sources: BBER - July 2014 FOR-UNM baseline. Global Insight - July 2014 baseline.

DFA Notes

****The gas prices are estimated using a formula of NYMEX, EIA, and Moody's (July) future prices as well as a liquid premium based on oil price forecast.

Sources: Moody's Analytics, July baseline forecast for national and New Mexico data.