Consensus General Fund Revenue Outlook

New Mexico Department of Finance and Administration

Presented to the Legislative Education Study Committee December 15, 2016



<u>Overview</u>

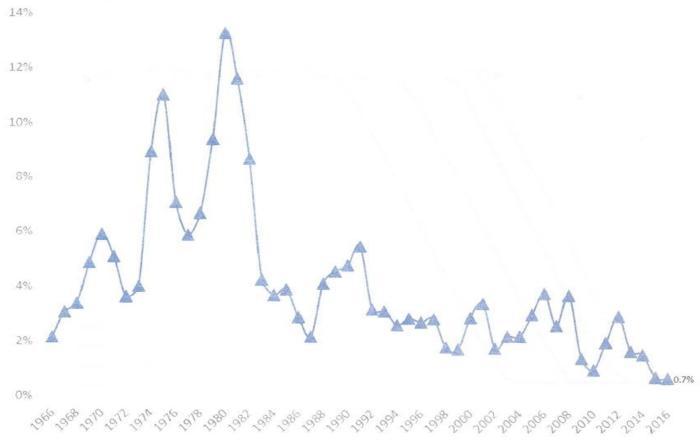
Recent New Mexico economic data has been below expectations and the New Mexico macroeconomic forecast has been revised lower since August

Declining oil and natural gas prices continue to impact New Mexico's revenues directly and indirectly, as in other states with large energy sectors such as Oklahoma

US policy uncertainty has increased and global uncertainty remains high.

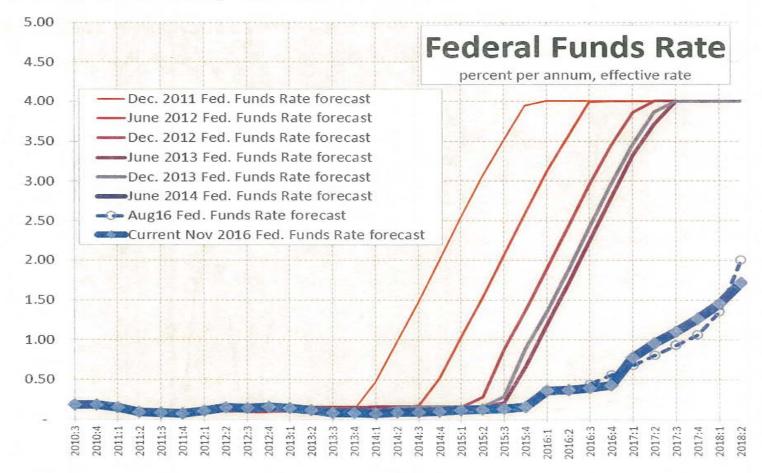
<u>Historically low Inflation = lower nominal revenue growth</u>





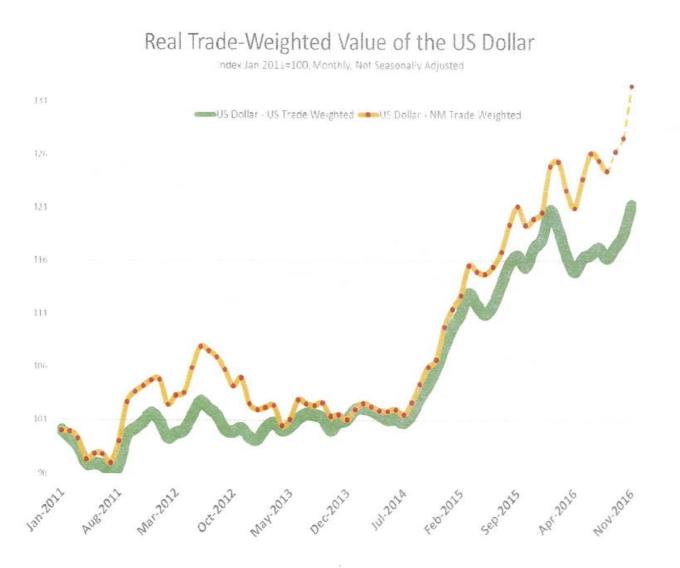
- FY2015 and FY2016 lowest inflation in 60 years
- Had been relatively stable for decades:
 - 10 year average 2005-2014 = 2.4%
 - 10 year average 1995-2004 = 2.4%

Interest Rates begin to increase



Federal Funds Rate Expected to increase in December

Strength of US Dollar

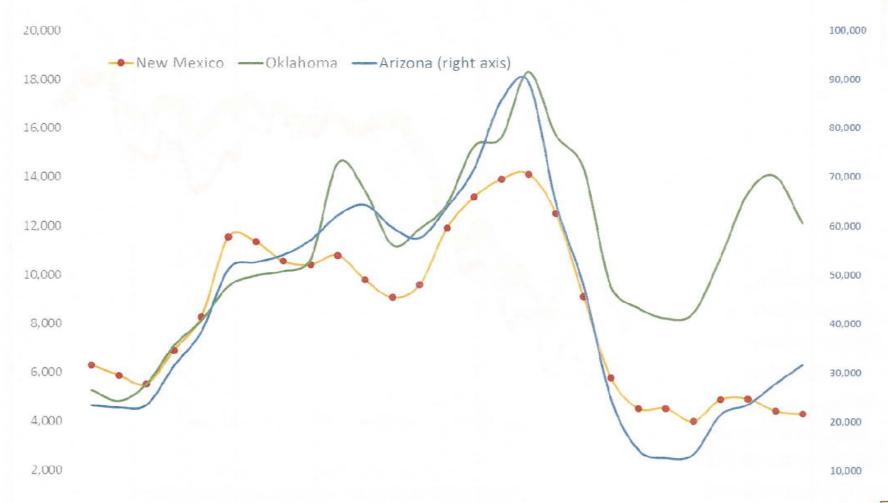


Good for NM consumer Bad for NM ad valorem consumption taxes

Drag on New Mexico

- Agriculture
- Manufacturing
- Energy/Mining
- Tourism

New Private Housing Units - Authorized by Building Permits



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

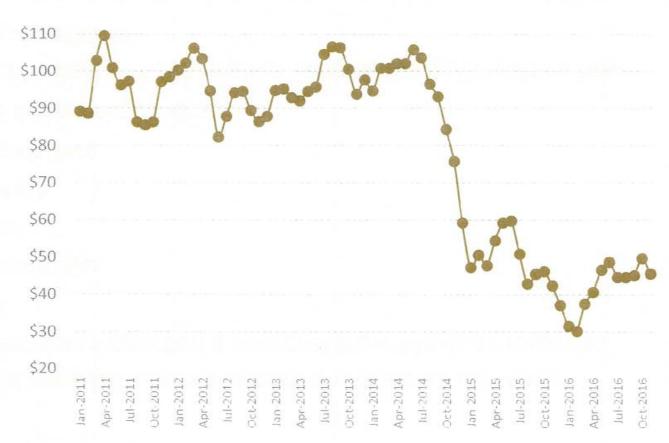
- Oil
- Natural Gas
- Coal
- Potash
- Agriculture
- US dollar priced exports

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

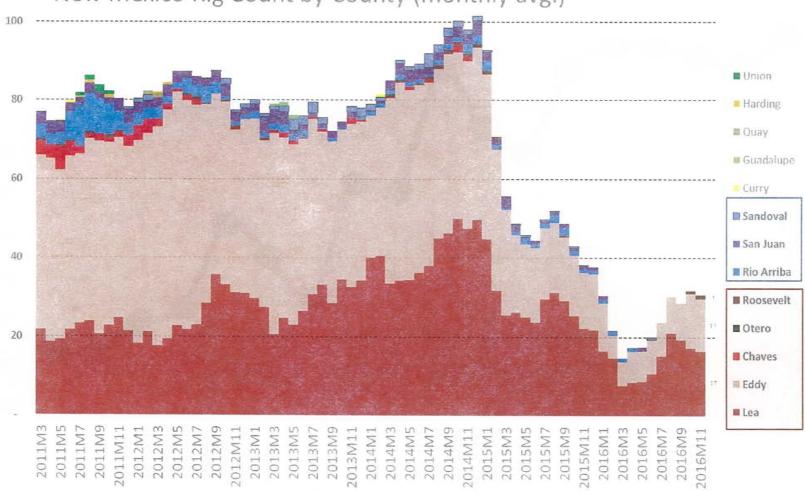
Price of Oil - 2011 to Present (monthly avg. USD/WTI Barrel)



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

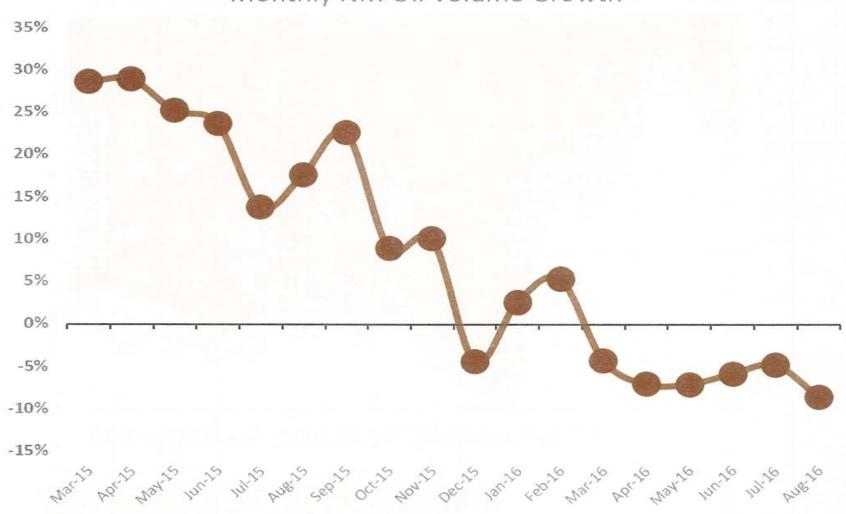
The Impact on Oil Exploration





The Impact on Oil Production

Monthly NM Oil Volume Growth



Gross Receipts- Divergent Trends

FY 17 Q1 Y/Y General Fund GRT \$millions

San Juan	Rio Arriba	Taos	Colfax	Union
-4.0	-0.5	0.0	0.1	0.2
McKinley	Sandoval	Los Alamos	Mora Hardin	g Quay
-1.1	-0.7	0.2	0.0 0.0	0.3
Cibola	Bernalillo	Santa Fe	San Miguel	Curry
0.0	3.7	0.6	-0.3	1.2
Catron	Valencia	Torrance	De Guadalupe Baca	Roosevelt
-0.1	-0.2	0.1	0.2 0.3	-1.3
Grant	Sierra	Socorro	Lincoln	Lea
-0.2	0.9	0.3	-0.1	-16.4
Luna	Doña Ana	Otero	Chaves	Eddy
0.1	0.1 1.1		-0.5	-10.7
Hidalgo 0.2			t-of-State	000

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

Gross Receipts Tax

Projected decline of 5.4 percent in FY17

- Gross Receipts Tax negatively impacted by Section 7-9-93 healthcare deduction
- Eddy and Lea counties continue to drag on GRT growth due to relative oil and natural gas weakness
- Due to increased efficiencies and cost savings, extraction generates less GRT per rig and reduced leas operating expenses

Projected GRT revenue increase of 7.5 percent in FY18

- 3.5% growth from improving economic factors such as recovering oil and gas prices
- 4.0% growth from less deductions and credits
- High-wage credits and Medical deductions expected to be significantly lower than FY17 and will contribute to FY18 growth rate

Energy production efficiencies, a double edged sword for New Mexico

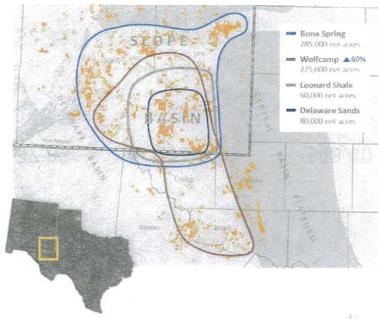
Reduced costs are great for oil and gas <u>volume</u> stability and growth But reduced costs are a drag on gross receipts tax revenue

For example Devon's lease operating expenses (LOE) are half of 2015 levels

Delaware Basin A World-Class Oil Play

devon

- Industry leader in basin
 - Net risked acres by formation: 670,000
 - Q3 net production: 59 MBOED
- LOE reduced 54% from peak 2015 rates
- Deep inventory of low-risk oil projects
 - >5,800 risked locations
 - Significant upside (>20,000 unrisked)
- Acreage position concentrated in basin of southeast New Mexico



*Slide 18, Devon's Dec. 6, 2016 Investor Presentation

Note: Devon is New Mexico's 2nd largest oil producer accounting for about 12% of total oil production in 2016.

New Mexico Oil & Gas Outlook

Crude	Oil:	

Price (\$/barrel)	\$37.85	\$43.00	\$48.00
Production (mill. barrels)	146.7	143.0	143.0
Natural Gas:			
Price (\$/1,000 cu. ft.)	\$2.42	\$3.15	\$3.31
Production (Bill. cu. ft.)	1,175	1,144	1,108

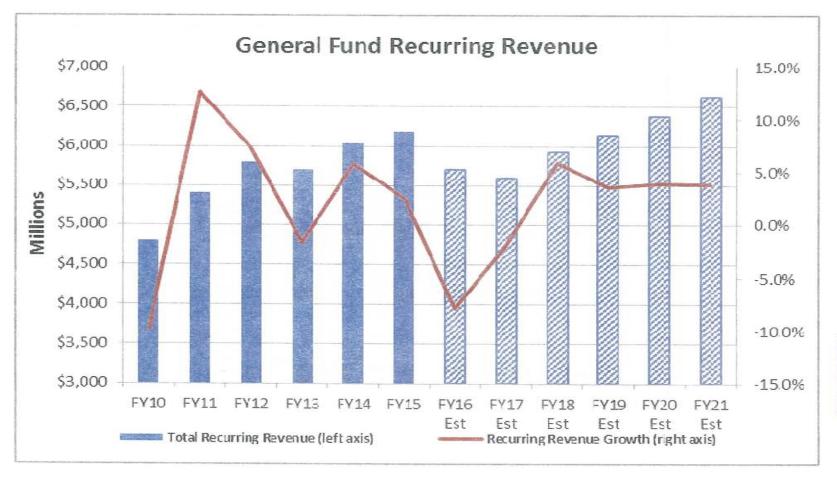
Source: ONGARD; Consensus Revenue Estimating Group

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

General Fund Revenue Outlook

Recurring revenue reached record high in FY15 FY16 down 7.8%

FY17 1.9% decline projected



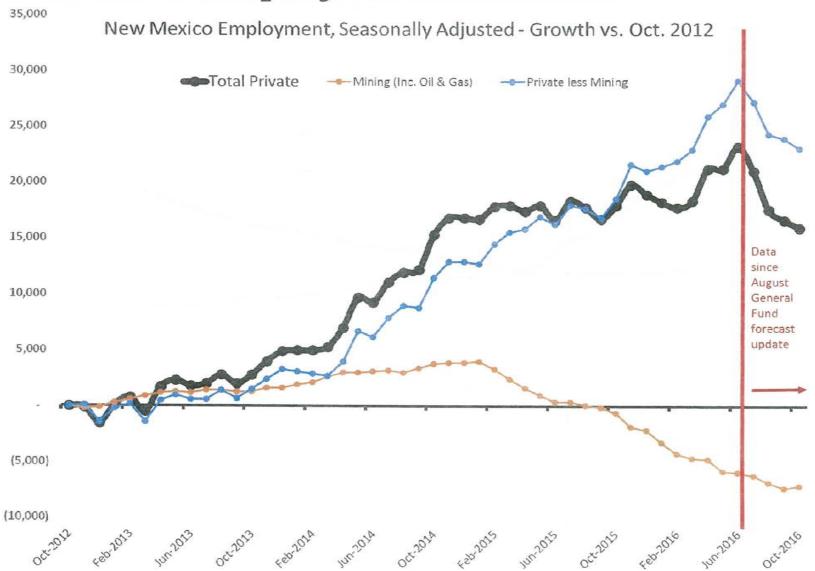
General Fund Forecast Summary

December 2016 Consensus General Fund Forecast

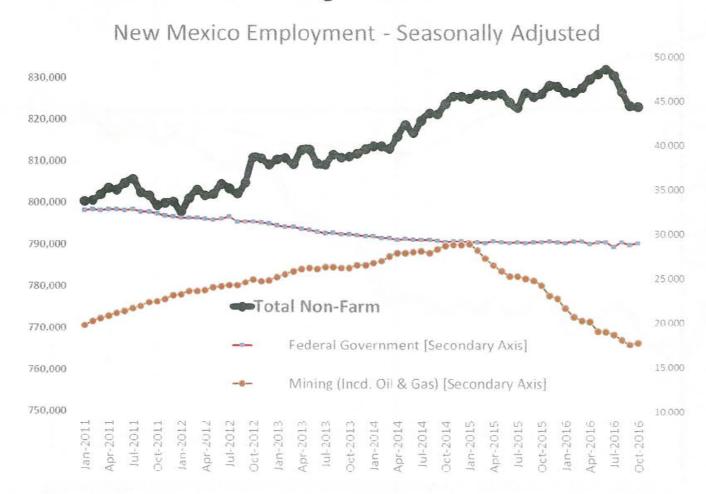
	FY1	16	FY	17	FY18			
	\$ Millions	% Change	\$ Millions	% Change	\$ Millions	% Change		
General Sales	\$2,022	-6.7%	\$1,919	-5.1%	\$2,061	7.4%		
Selective Sales	\$531	8.8%	\$535	0.8%	\$568	6.2%		
Income Taxes	\$1,446	-9.3%	\$1,401	-3.1%	\$1,446	3.2%		
O&G Revenue	\$718	-29.1%	\$786	9.5%	\$824	4.8%		
Investment Income	\$770	9.7%	\$741	-3.8%	\$811	9.4%		
Other	\$220	-5.0%	\$215	-2.3%	\$218	1.4%		
Total Recurring Revenue	\$5,709	-7.8%	\$5,600	-1.9%	\$5,929	5.9%		

- While volumes remained high, price drops severely impacted 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 1

Private Employment Growth



Increased Diversification



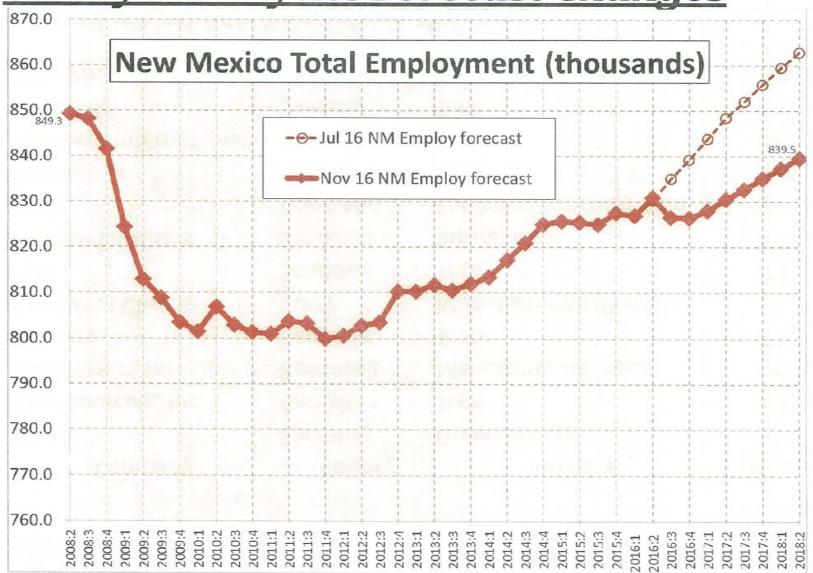
- Historically highly-reliant on federal government and energy sector
- Greater proportion of employment base in other industries

A Sampling of New NM Companies

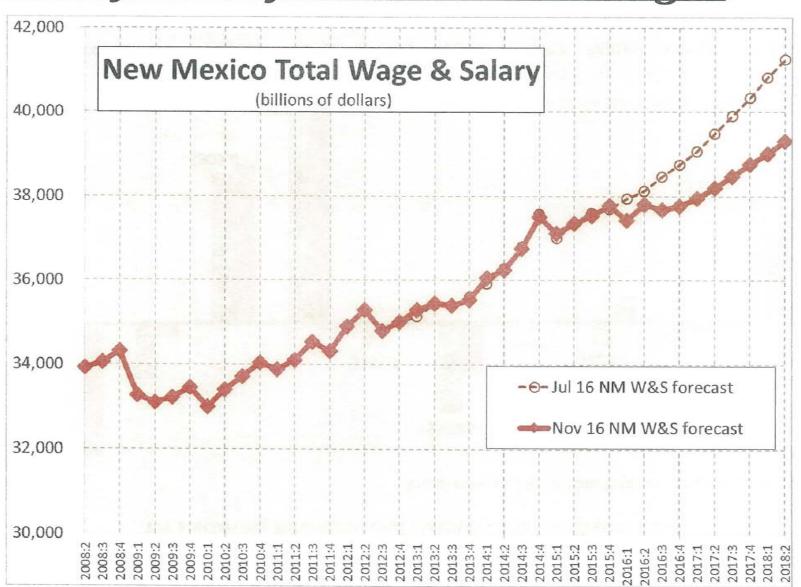
Company	County	Industry	Jobs
Solaro	Socorro	Green Energy	25
Rural Sourcing, Inc	Bernalillo	Tech	125
Ready Roast, Inc.	Roosevelt	Manufacturing (Food)	200
Skorpios	Bernalillo	Tech	400
Southwest Cheese	Curry	Manufacturing (Food)	50
PCM	Sandoval	Tech	224
Safelite AutoGlass	Sandoval	Insurance	900
FedEx	Dona Ana	Shipping/Transportation	200
Fidelity	Bernalillo	Financial	250
Wilflower International	Santa Fe	Tech	81
Facebook	Valencia	Tech	50
Unity PBO	Bernalillo	Tech/Healthcare	240

Broad job growth throughout the state

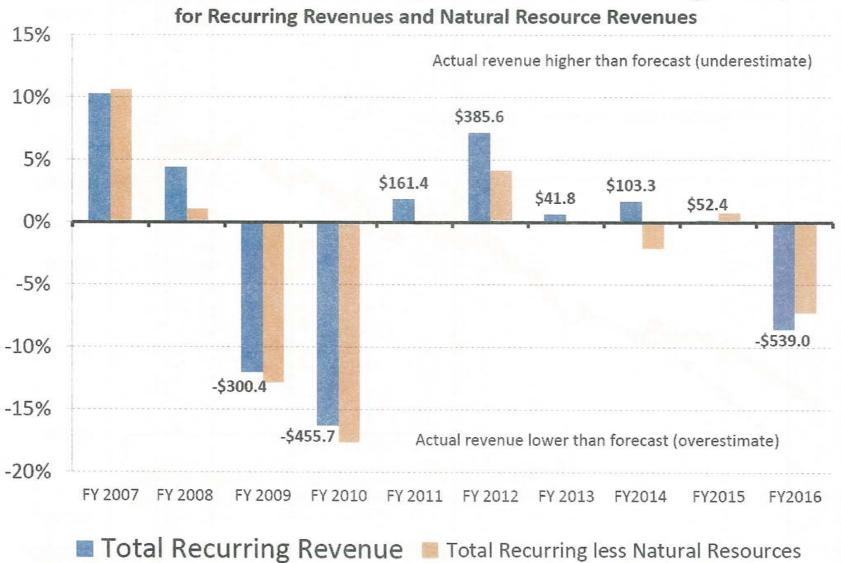
Moody's Analytics Forecast Changes

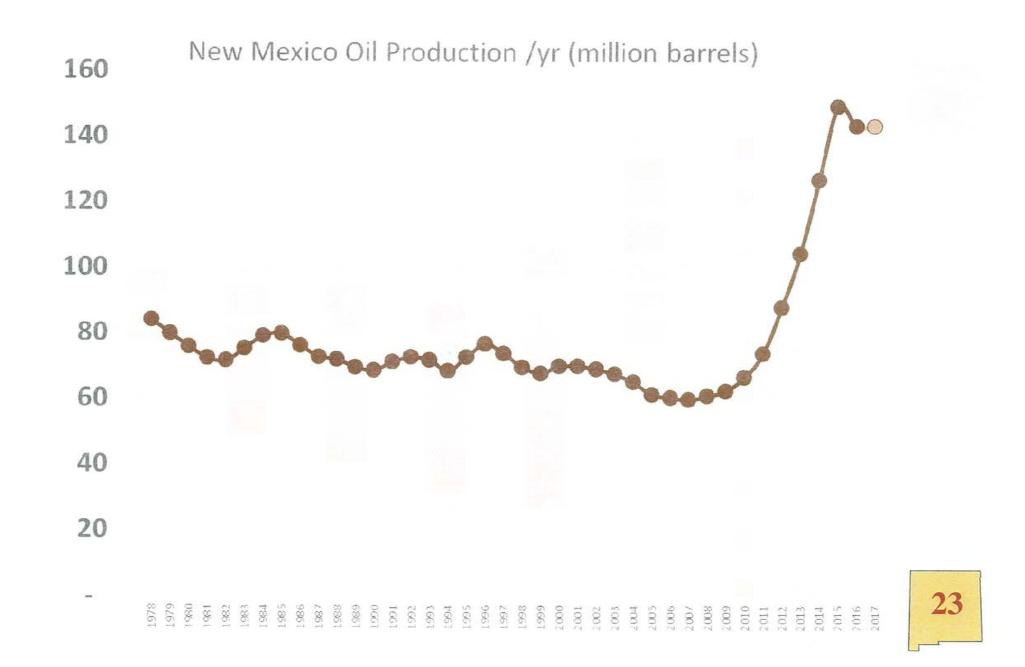


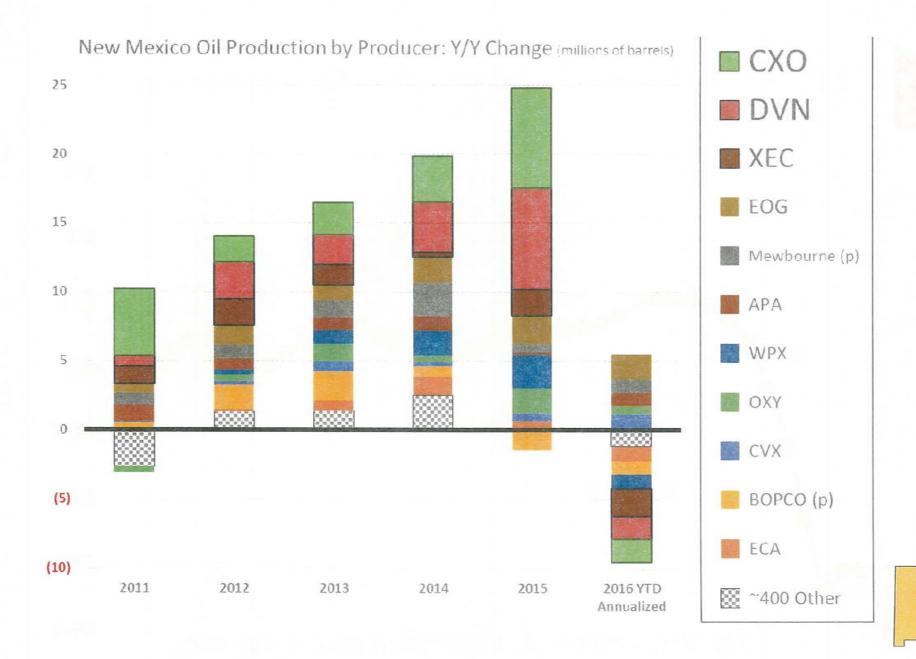
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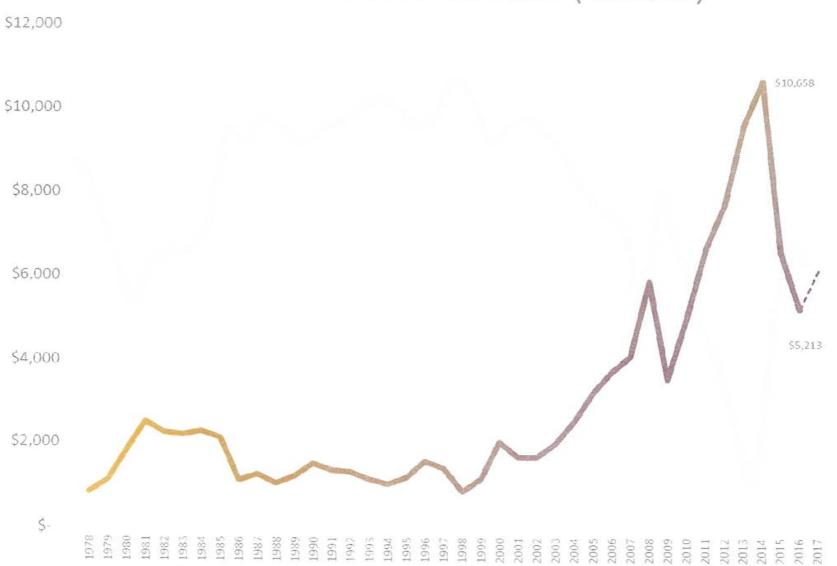
Consensus Revenue Group 18-Month Estimating Error



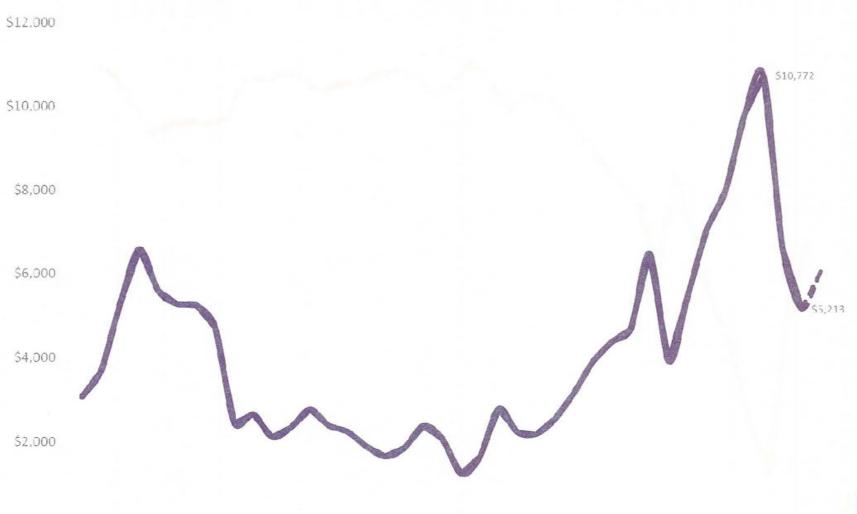




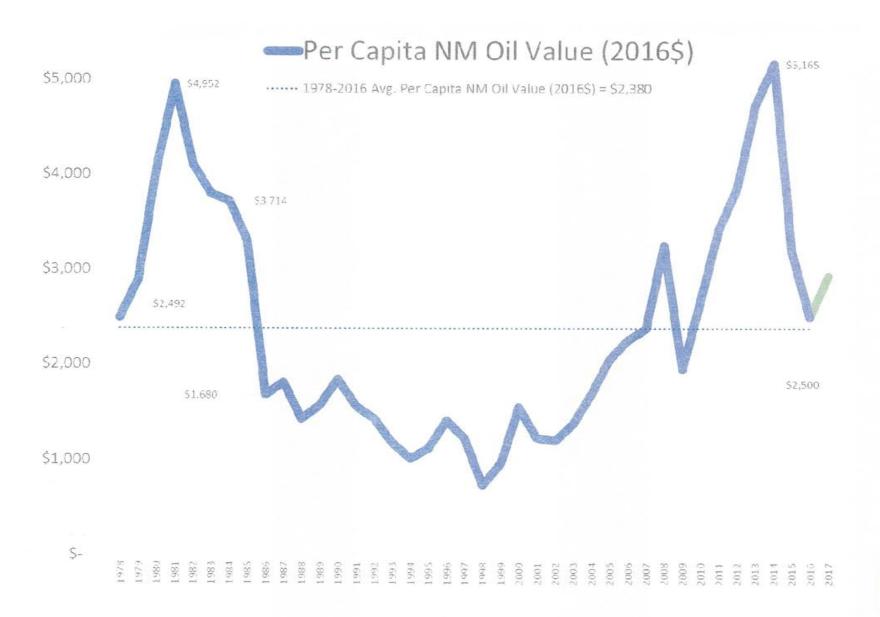
Nominal New Mexico Oil Value (Millions)



Oil Value (Millions) (2016\$- inflation adjusted)







			FY16			·		FY17							FY18		FY18			
Revenue Source	Aug 2016 Est.	Pre- liminary Actual	Change from Prior	% \$ Change Change from from FY15	Aug 2016 Est.	2016 Special Session Action	Adj. August 2016 Est.	Dec 2016 Est.		% Change Fom FY16	\$ Change from FY16	Aug 2016 Est.	2016 Special Session Action	Adj. August 2016 Est.	Dec 2016 Est.	Change from Prior	% Change from FY17	\$ Change from FY17		
Gross Receipts Tax	1,957.2	1,975.4	18.2	-5.7%. (119.7)	1,944.5	9.2	1,953.7	1,868.6	(85.1)	-5.4%	(106.8)	2,089,7	25.9	2.115.6	2.007.9	(107.7)	7.5%	139.3		
Compensating Tax	46.7	46.9	0.2	-34.7% (25.0)	49.5		49.5	50.0	0.5	6.7%	3.1	53.0		53.0	53.5	0.5	7.0%	3.5		
TOTAL GENERAL SALES	2,003.9	2,022.3	18.4	-6.7% (144.7)	1,994.0	9.2	2,003.2	1,918.6	(84.6)	-5.1%	(103.7)	2,142.7	25.9	2,168.6	2,061.4	(107.2)	7.4%	142.8		
Tobacco Taxes	75.6	79.8	4.2	-3.1% (2.5)	75.0		75.0	75.0		-6.0%	(4.8)	74.5		74.5	74.5		-0.7%	(0.5)		
Liquor Excise	6.7	6.7	0.0	-74.4% (19.5)	6.9		6.9	6.9	4-13	2.5%	0.2	26.1		26.1	26.1		278.3%	19.2		
Insurance Taxes	208.0	207.9	(0.1)	38.7% 58.1	230.0		230.0	229.2	(0.8)	10.2%	21.3	250.0		250.0	238.6	(11.4)	4.1%	9.4		
Fire Protection Fund Reversion	15.1	15.1	(0.0)	-0.6% (0.1)	13.1	1.7	14.8	15.5	0.7	2.9%	0.4	11.8	3.4	15.2	15.9	0.7	2.6%	0.4		
Motor Vehicle Excise	149.8	150.4	0.6	8.4% 11.7	148.5		148.5	142.5	(6.0)	-5.2%	(7,9)	153.6		153.6	147.5	(6.1)	3.5%	5.0		
Gaming Excise	63.0	63.1	0.1	-10.5% (7.4)	62.0		62.0	58.5	(3.5)	-7.2%	(4.6)	62.6		62.6	58.0	(4.6)	-0.9%	(0.5)		
Leased Vehicle Surcharge	5.5	5.5	0.0	5.7% 0.3	5.4		5.4	5.4	- 14 W	-2,5%	(0.1)	5.4		5.4	5.4		0.0%			
Other	3.6	3.0	(0.6)	511.7% 2.5	2.1		2.1	2.2	0.1	-27.1%	(0,8)	2.1		2.1	2.2	0.1	0.0%			
TOTAL SELECTIVE SALES	527.3	531.5	4.2	8.8% 43.0	543.0	1.7	544.7	535.2	(9.5)	2. 0.7%	3.7	586.1	3.4	589.5	568.2	(21.3)	6.2%	33.0		
Personal Income Tax	1,317.6	1,327.2	9.6	-0.9% (12.5)	1,339.0	4.2	1,343.2	1,331.0	(12,2)	0.3%	3.8	1,365.0	9.7	1,374.7	1,346.0	(28.7)	1.1%	15.0		
Corporate Income Tax	120.0	118.5	(1.5)	-53.4% (136.0)	100.0		100.0	70.0	(30.0)	-40.9%	(48.5)	88.0		88.0	100.0	12.0	42.9%	30.0		
TOTAL INCOME TAXES	1,437.6	1,445.7	8.1	-9.3% (148.5)	1,439.0	4.2	1,443.2	1,401.0	(42.2)	-3.1%		1,453.0	9.7	1,462.7	1,446.0	(16.7)	3.2%	45.0		
Oil and Gas School Tax	233.1	236.8	3.7	-36.9% (138.6)	289.5		289.5	273.3	(16.2)	15.4%	36.5	302.0		302.0	295.9	(6.1)	8.3%	22.6		
Oil Conservation Tax	11.3	11.4	0.1	-43.4% (8.7)	13.8		13.8	14.3	0.5	25.7%		14.9		14.9	15.5	0.6	8.4%	1.2		
Resources Excise Tax	11.2	11.2	0.0	-16.0% (2.1)	13.0		13.0	13.0		16.0%	Annual Control of the	13.0		13.0	13.0	2.0	0.0%			
Natural Gas Processors Tax	20.4	20.4	(0.0)	9.5% 1.8	10.0		10.0	10.0		-50.9%	A LAND TO SERVICE MANAGEMENT	10.1		10.1	10.9	0.8	9.0%	0.9		
TOTAL SEVERANCE TAXES	276.0	279.8	3.8	-34.6% (147.7)	326.3		326.3	310.6	(15.7)	11.0%	30,8	340.0		340.0	335.3	(4.7)	.8.0%	24.7		
LICENSE FEES	54.8	54.8	0.0	-1.9% (1.1)	55.5		55.5	55.8	0.3	1.7%	0,9	56.6		56.6	56.9	0.3	2.0%	1.4		
LGPF Interest	555.1	555.1	0.0	10.4% 52.3	538.2		538.2	540.5	2.3	-2.6%	(14.6)	583.8		583.8	580.7	(3.1)	7.4%	40.2		
STO Interest	21.6	21.6	0.0	27.2% 4.6	23.3		23.3	310.3	(23.3)	-100.0%		22.7		22.7	19.7	《····································	#DIV/0!	19.7		
STPF Interest	193,5	193.5	0.0	5.9% 10.8	200.6		200.6	200.4	(0.2)	3.6%	中心心理器等数据146.20	210.6		210.6	210.6	(3.0)	5.1%	10.2		
TOTAL INTEREST	770.2	770.3	0.0	9.6% 67.8	762.1	***************************************	762.1	740.9	(21.2)	-3.8%	(29.4)	817.1		817.1	811.0	(6,1)	9.5%			
Federal Mineral Leasing	390.0	390.0	0.0	-28.1% (152.2)	376.0		376.0	420.0	44.0	7.7%	30,0	398.0		398.0	434.0	36.0	9 9n/	140		
State Land Office	53.8	47.8	(6.0)	13.2% 5.6	52.7		52.7	55.0	2.3	15.0%	Company of the Compan	53.7		53.7	434.0 55.0	**************************************	3.3%	.14,0		
TOTAL RENTS & ROYALTIES	443.8	437.8	(6.0)	-25.1% (146.6)	428.7		428.7	475.0	46.3	8.5%	37.2	451.7		451.7	489.0	1.3 37.3	0.0% 2.9%	14.0		
TRIBAL REVENUE SHARING	62.2	64.4	2.2	-4.1% (2.8)	61.9		61.9	64.2	2.3	-0.3%	(0.2)	61.2		61.2	64.7	3.5	0.7%	ے ہ		
MISCELLANEOUS RECEIPTS	51.3	48.1	(3.2)	-14.4% (8.1)	58.0		58.0	61.5	2.5 3.5	-0.3% 28.0%		59.0		59.0			State of the state	0.5		
THE COURT IS	34.3	70.1	(3.2)	14.420 (0.1)	30.0		50.0	01.5	٠ د.د	Z6.U%	13.4	39.0		59.0	56.7	(2.3)	-7,8%	(4.8)		
REVERSIONS	45.0	55.2	10.2	7.3% 3.7	40.0	7.5	47.5	37.5	(10.0)	-32.1%	(17.7)	50.0		50.0	40.0	(10.0)	6.7%	2.5		
TOTAL RECURRING	5,672.1	5,708.8	36.7	-7.8%. (485.9)	5,708.4	22.6	5,731.0	5,600.2	(130.8)	-1.9%	(108.6)	6,017.4	39.0	6,056.4	5,929.1	(127.3)	5,9%	328.9		
TOTAL NON-RECURRING	18.5	3.3	(15.2)	na (37.9)	62.0	186.3	248.3	202.8	(45.5)	na	199.5	-		-	-		na	(202.8)		
GRAND TOTAL	5,690.6	5,712.1	21.5	-8.4% (523.8)	5,770.4	208.9	5,979.3	5,803.0	(176.3)	1.6%	90.9	6.017.4	39.0	6,056,4	5,929.1	(127.3)	2.2%	126.1		
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Note: FY16 Preliminary actual revenues are being adjusted to match 2016 preliminary unaudited financial statements, and additional adjustments may be necessary. Note: Columns in blue show difference between August 2016 Consensus Revenue Estimate and December 2016 Consensus Revenue Estimate

Note: Columns in red show year-over-year growth expected in current December 2016 Consensus Revenue Estimate

			FY19					FY20		FY21			-	
Revenue Source	Aug 2016 Est.	Dec 2016 Est.	Change from Prior	% Change from FY18	\$ Change from FY18	Aug 2016 Est.	Dec 2016 Est.	Change from Prior	% \$ Change Change from from FY19 FY19	Aug 2016 Est.	Dec 2016 Est.	Change from Prior	% Change from FY20	\$ Change from FY20
Gross Receipts Tax	2,167.9	2,103.8	(64.1)	4.8%	95.9	2,241.5	2,209.2	(32.3)	5.0% - 105.4	2,310.4	2,306.2	(4.2)	4.4%	97.0
Compensating Tax	57.2	57.8	0.6	8.0%		63.0	63.0	- 1	9.0% 5.2	69.3	69.3		10.0%	6.3
TOTAL GENERAL SALES	2,225.1	2,161.6	(63.5)	4.9%	100.2	2,304.5	2,272.2	(32.3)	5.1% 110.6	2,379.7	2,375.5	(4:2)	4.5%	103.3
Tobacco Taxes	74.0	74.0		-0.7%	(0.5)	73.5	73.5	1	-0.7% (0.5)	73.0	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	27.7		0.0%	
Insurance Taxes	266.0	252.9	(13,1)	6.0%	14.3	283.0	272.9	(10.1)	7.9% - 20.0	300.0	293.0	(7.0)	7.4%	20.1
Fire Protection Fund Reversion	10.5	16.4	5.9	3.1%	0.5	8.9	16.8	7.9	2.4% 0.4	7.3	17.3	10.0	3.0%	
Motor Vehicle Excise	157.7	153.0	(4.7)	3.7%	5.5	162.0	159.0	(3.0)	3.9% 6.0	164.0	162.0	(2.0)	1.9%	3.0
Gaming Excise	63.2	58.0	(5.2)	0.0%		63.9	58.0	(5.9)	0.0%	64.5	58.0	(6.5)	0.0%	
Leased Vehicle Surcharge	5.4	5.4	34172.13	0.0%		5.4	5.4		0.0%	5,4	5.4		0.0%	
Other	2.1	2.2	0.1	0.0%	16.0	2.1	2.2	0.1	0.0% -	2.1	2.2	0.1	0.0%	
TOTAL SELECTIVE SALES	607.8	590.8	(17.0)	4.0%	22.6	626.5	615.5	(11.0)	4.2% 24.7	644.0	638.6	(5,4)	3.8%	
Personal Income Tax	1,404.0	1,370.0	(34.0)	1.8%	24.0	1,444.0	1,399.0	(45.0)	2.1% 29.0	1,494.0	1,447.0	(47.0)	3.4%	48.0
Corporate Income Tax	82.0	93.0	11.0	-7.0%	(7,0)	94.0	100.0	6.0	7.5% 7.0	94.0	108.0	14.0	8.0%	1000
TOTAL INCOME TAXES	1,486.0	1,463.0	(23.0)	1.2%	17.0	1,538.0	1,499.0	(39.0)	2.5% 36.0	1,588.0	1,555.0	(33.0)	3.7%	
Oil and Gas School Tax	298.7	299.1	0.4	1.1%	3,2	307.8	311.1	3.3	4.0% 12.0	317.4	322.7	5.3	3.7%	11.6
Oil Conservation Tax	15.7	15.7		1.3%	0.2	16.2	16.4	0.2	4.5% 0.7	16.8	17.0	0.2	3.7%	
Resources Excise Tax	13.0	13.0		0.0%		13.0	13.0	, i	0.0%	13.0	13.0		0.0%	
Natural Gas Processors Tax	9.7	12.9	3.2	18.3%	2.0	9.4	13.0	3.6	0.8% 0.1	9.4	13.0	3.6	0.0%	3 - 100 - 0 -
TOTAL SEVERANCE TAXES	337.1	340.7	3.6	1,6%	5,4	346.4	353.5	7.1	3.8% 12.8	356.6	365.7	9.1	3.5%	
LICENSE FEES	57.9	58.1	0.2	2.2%	1.3	59.3	59.6	0.3	2.5% 1.5	59.3	61.3	2.0	2.9%	1.7
LGPF Interest	613.2	614.6	1.4	5.8%	33.9	636.3	639.6	3.3	4.1% 25.0	657.5	662.9	5.4	3.6%	23.3
STO Interest	28.4	28.0	(0.4)	42.1%	8.3	41.4	38.5	(2.9)	37.5% 10.5	46.7	45.3	(1.4)	17.7%	SHOW THE SHOWER
STPF Interest	217.0	218.4	1.4	3.7%	7.8	224.6	223.7	(0.9)	2.4% 5.3	236.8	228.3	(8.5)	2.1%	Selected the College
TOTAL INTEREST	858.6	861.0	2.4	6.2%	50.0	902.3	901.8	(0.5)	4.7% 40.8	941.0	936.5	(4.5)	3.8%	
Federal Mineral Leasing	420.0	435.0	15.0	0.2%	1.0	433.0	445.0	12.0	2.3% 10.0	445.0	457.0	12.0	2.7%	12.0
State Land Office	55.2	55.0	(0.2)	0.0%		55.7	55.0	(0.7)	0.0%	55.7	55.0	(0.7)	0.0%	
TOTAL RENTS & ROYALTIES	475.2	490.0	14.8	0.2%	1.0	488.7	500.0	11.3	2.0% - 10.0	500.7	512.0	11.3	2.4%	12.0
TRIBAL REVENUE SHARING	63.6	67.7	4.1	4.6%	3.0	63.5	68.2	4,7	0.8% 0.5	63.6	69.2	5.6	1.5%	1.0
MISCELLANEOUS RECEIPTS	59.9	59.5	(0.4)	4.9%	2.8	61.0	62.9	1.9	5.7% 3.4	61.0	66.6	5.6	5.9%	Charles and the second
REVERSIONS	50.0	50.0		25.0%	10.0	50.0	50.0		0.0% -	50.0	50.0		0.0%	
TOTAL RECURRING	6,221.2	6,142.4	(78.8)	3.6%	£213.3	6,440.1	6,382.7	(57.4)	3.9%: 240.3	6,643.8	6,630.3	(13.5)	3.9%	247.7
TOTAL NON-RECURRING	-	-		na	1	-	-	1	na e		-	_	na	
GRAND TOTAL	6,221.2	6,142.4	(78,8)	3.4%	213.3	6,440.1	6,382.7	(57.4)	3.9% 240.3	6,643.8	6,630.3	(13.5)	3.9%	247.7

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

Note: Columns in red show year-over-year growth expected in current December 2016 Consensus Revenue Estimate

U.S. and New Mexico Economic Indicators	FY	′ 16	FY	' 17	FY	′18	FY	′19	FY	′20
									Aug 2016 Forecast	
	i Olecasi	roiecast	FUIECASI	TOTECASE	FUIECASI	roiecasi	ruiecasi	rojecasi	FUIECASI	Forecast
National Economic Indicators										
US Real GDP Growth (annual avg. ,% YOY)*	1.7	1.7	2.4	2.3	2.8	2.9	2.3	2.4	1.7	2.0
US Inflation Rate (CPI-U, annual avg., % YOY)**	0.7	0.7	1.7	1.8	2.6	2.7	2.9	2.7	2.7	2.7
Federal Funds Rate (%)	0.30	0.26	0.60	0.58	1.30	1.39	3.00	2.44	3.50	3.24
New Mexico Labor Market and Income Data										
NM Non-Agricultural Employment Growth	0.4	0.4	1.7	0.0	1.9	1.0	1,5	1.1	0.9	1.2
NM Nominal Personal Income Growth (%)***	3.6	3.5	2.0	1.7	2.7	1.4	4.4	2.6	4,4	3.9
NM Total Wages & Salaries Growth (%)	1.8	1.2	2.9	0.7	4.2	2.6	4.8	3.5	3.9	4.3
NM Real Gross State Product (% YOY)	-0.6	-0.6	1.5	0.6	2.3	1.7	1,9	1.5	1.6	1.7
New Mexico Energy Prices & Volumes										
NM Oil Price (\$/barrel)	\$37.75	\$37.85	\$45.00	\$43.00	\$48.00	\$48.00	\$50.00	\$50.00	\$53.00	\$53.00
NM Taxable Oil Volumes (million barrels)	146.0	146.7	140.0	143.0	140.0	143.0	140.0	143.0	140.0	143.0
NM Gas Price (\$ per thousand cubic feet)****	\$2.40	\$2.42	\$3.00	\$3.15	\$3.30	\$3.31	\$3.40	\$3.26	\$3.50	\$3.35
NM Taxable Gas Volumes (billion cubic feet)	1,160	1,175	1,120	1,144	1,080	1,108	1,040	1,075	1,000	1,044

^{*}Real GDP is BEA chained 2009 dollars, billions, annual rate.

Sources: Moody's Analytics baseline forecast, November 2016

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

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

^{****}The gas prices are estimated using a formula of NYMEX, EIA, Moody's Analytics, and IHS Global Insight futures and forecast prices as well as a premium for natural gas liquids based on the oil price forecast.

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

		Prelim FY2016		stimated FY2017		timated Y2018
l	REVENUE			 		
	Recurring Revenue					
1	August 2016 Consensus Forecast Adj. for Special Session	\$	5,672.1	\$ 5,731.0	\$	6,056.4
2	Unaudited FY 2016 Adjustments	\$	36.7			
3	December 2016 Revenue Forecast			\$ (130.8)	\$	(127.3)
4	SB-9 PED Special Appropriation Executive Reduction			\$ 4.5		
5	Total Recurring Revenue	\$	5,708.8	\$ 5,604.7	\$	5,929.1
	Nonrecurring Revenue					
6	Unaudited FY 2016 Adjustments	\$	3.3			
7	2016 Session **	\$	_	\$ 74.3		
8	FY17 Special Session (SB2, SB8)			\$ 128.5		
9	Total Non-Recurring Revenue	\$	3.3	\$ 202.7	\$	-
10]	TOTAL REVENUE	\$	5,712.1	\$ 5,807.4	\$	5,929.1
1	APPROPRIATIONS		_			
	Recurring Appropriations					
11	2015 & 2016 Sessions	\$	6,240.8	\$ 6,228.0		
12	2016 Session (FY16 Sanding)	\$	(31.0)	,	N. S.	
13	2016 Special Session Appropriation Reductions (SB8 and SB9)		` ,	\$ (205.0)		
14	Total Recurring Appropriations	\$	6,209.8	\$ 6,023.0	-	TBD
	Nonrecurring Appropriations					
15	2015 & 2016 Sessions	\$	97.2	\$ 1.3	\$3 - KSP #1785 P	ti per ugga i Taggi u TA e
16	2016 Special Session (CYFD & Emergency Funding)	7		\$ 2.5		
17	Total Nonrecurring Appropriations	\$	97.2	\$ 3.8	\$	-
_	TOTAL APPROPRIATIONS		6,307.03	\$ 6,026.8	\$	
19 7	Γransfer to (from) Reserves	\$	(595.0)	\$ (219.4)	\$	-
	GENERAL FUND RESERVES					
20	Beginning Balances	\$	613.1	\$ 145.7		
21	Transfers from (to) Appropriations Account		(595.0)	(219.4)		
22	Revenue and Reversions		353.3	62.1		
23	Appropriations, expenditures and transfers out		(225.8)	(55.3)		
24	Ending Balances	\$	145.7	\$ (66.8)	\$	-
25	Reserves as a Percent of Recurring Appropriations		2.3%	-1.1%		

^{*}Legislative session expenses treated as recurring appropriation.

^{**}FY16 non-recurring revenues include \$13 million from unspent balances of prior year taxable bond proceeds. FY17 non-reccurring revenues include \$44 million from various state funds, \$8 million in disencumbered balances from prior year general fund appropriations, and \$10 million in governmental gross receipts tax revenues from the New Mexico Finance Authority after satisfying all bond payment requirements.

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

Part				Prelim Y2016		stimated Y2017		timated Y2018
ROF Emergency Fund and reversions								
28			\$		\$		\$	(111.1)
Contingent Liability for Cash Reconciliation, FY15 Audit* 100.0 2016 Session [HB-311 find transfers & MOE unrestricted]** 40.6 20.0				. ,		(2.0)		
20 20 6 20 5 20 5 20 20 20 20								
Transfer to ACF								
Transfers from (to) appropriation account		· · · · · · · · · · · · · · · · · · ·						
				, ,				
Semining balance Semining ba				. ,		, ,	\$	-
APPROPRIATION CONTINGENCY FUND Segiming balance \$ 28.4 \$ 34.4 \$ 26.1 36			· · · · · · · · · · · · · · · · · · ·	109.1				
35 Beginning balance \$ 28.4 \$ 34.4 \$ 26.1 36 Disaster allotments (16.3) (16.0) (16.0) 37 Transfer from Oper Reserve to ACF (2013 & 2014 GAA) 20.0 - 38 2016 Session (CYFD relocation - HB2) (0.3) - 39 Revenue and reversions 2.2 8.0 8.0 40 Ending Balance \$ 34.37 \$ 26.1 \$ 18.1 41 Beginning balance \$ 0.0 \$ - \$ - 42 Transfers in (out) - - - - 42 Transfers in (out) -	34	Ending balance	\$	-	\$	(111.1)	\$	(111.1)
	A	PPROPRIATION CONTINGENCY FUND						
Transfer from Oper Reserve to ACF (2013 & 2014 GAA) 20.0	35	Beginning balance	\$	28.4	\$	34.4	\$	26.1
\$\frac{1}{39} \frac{1}{\text{Revenue and reversions}} \ \$\frac{1}{2} \ \$\frac{1}{8} \	36	Disaster allotments		(16.3)		(16.0)		(16.0)
\$\frac{1}{39} \ \frac{1}{2016 Session (CYFD relocation - HB2)}{2} \frac{1}{8.0}	37	Transfer from Oper Reserve to ACF (2013 & 2014 GAA)		20.0		· <u>.</u>		
Revenue and reversions 2.2 8.0 8.0	38					(0.3)		_
	39			2.2		8.0		8.0
Seginning balance S	40	Ending Balance	\$	34.37	\$	26.1	\$	18.1
Appropriations (2012, 2013 & 2014 GAA, Section 5)		Education Lock Box						
Appropriations (2012, 2013 & 2014 GAA, Section 5)	41	Beginning halance	\$	0.0	\$	_	\$	_
Transfers in (out) Control Con			•	-	Ψ	_	Ψ	_
STATE SUPPORT FUND STATE SUPPORT FUND SUPPORT FU	•			_		_		_
444 Beginning balance \$ 1.0 \$ 1.0 \$ 1.0 45 Revenues \$ - \$ - \$ - 46 Appropriations \$ 1.0 \$ 1.0 \$ 1.0 47 Ending balance \$ 1.0 \$ 1.0 \$ 1.0 TOBACCO PERMANENT FUND 48 Beginning balance 216.4 110.3 17.1 49 Transfers in 39.6 48.0 39.0 50 Appropriation to tobacco settlement program fund (18.5) (18.5) (19.5) 51 Gains/Losses 3.6 6.1 1.0 52 Additional transfers to Program Fund (21.6) (18.5) (19.5) 53 Transfer to General Fund Appropriation Account (SB2) (109.1) (110.3) 17.1 37.6 TAX STABILIZATION RESERVE 55 Beginning balance \$ 147.5 \$ - \$ - 56 Transfers out - - - 56 Transfers out (147.5) - - - 57 Ending balance \$ 145.7 \$ 66.9) <td></td> <td></td> <td></td> <td>0.0</td> <td>\$</td> <td>-</td> <td>\$</td> <td>_</td>				0.0	\$	-	\$	_
444 Beginning balance \$ 1.0 \$ 1.0 \$ 1.0 45 Revenues \$ - \$ - \$ - 46 Appropriations \$ 1.0 \$ 1.0 \$ 1.0 47 Ending balance \$ 1.0 \$ 1.0 \$ 1.0 TOBACCO PERMANENT FUND 48 Beginning balance 216.4 110.3 17.1 49 Transfers in 39.6 48.0 39.0 50 Appropriation to tobacco settlement program fund (18.5) (18.5) (19.5) 51 Gains/Losses 3.6 6.1 1.0 52 Additional transfers to Program Fund (21.6) (18.5) (19.5) 53 Transfer to General Fund Appropriation Account (SB2) (109.1) (110.3) 17.1 37.6 TAX STABILIZATION RESERVE 55 Beginning balance \$ 147.5 \$ - \$ - 56 Transfers out (147.5) - - 56 Transfers out (147.5) - - 57 Ending balance \$ - \$ - \$ - <td>Si</td> <td>CATE SUPPORT FUND</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>	Si	CATE SUPPORT FUND						
Revenues S			e	1.0	e	1.0	Q	1.0
46 Ending balance Appropriations \$ -		· ·		-				
TOBACCO PERMANENT FUND 48 Beginning balance 216.4 110.3 17.1 49 Transfers in 39.6 48.0 39.0 50 Appropriation to tobacco settlement program fund (18.5) (18.5) (19.5) 51 Gains/Losses 3.6 6.1 1.0 52 Additional transfers to Program Fund (21.6) (18.5) 53 Transfer to General Fund Appropriation Account (SB2) (109.1) (110.3) 54 Ending balance 110.3 17.1 37.6 TAX STABILIZATION RESERVE 55 Beginning balance \$ 147.5 \$ - \$ - 56 Transfers out - - - 56 Transfers out (147.5) - - 57 Ending balance \$ - \$ - \$ - 58 Ending balance \$ - \$ - \$ - 58 Ending balance \$ - \$ - \$ - 58 Ending balance \$ - \$ - \$ - 50 Ending balance \$				_				
TOBACCO PERMANENT FUND 48 Beginning balance 216.4 110.3 17.1 49 Transfers in 39.6 48.0 39.0 50 Appropriation to tobacco settlement program fund (18.5) (18.5) (19.5) 51 Gains/Losses 3.6 6.1 1.0 52 Additional transfers to Program Fund (21.6) (18.5) 53 Transfer to General Fund Appropriation Account (SB2) (109.1) (110.3) 54 Ending balance 110.3 17.1 37.6 TAX STABILIZATION RESERVE 55 Beginning balance \$ 147.5 \$ - \$ - 56 Transfers out - - - 56 Transfers out (147.5) - - 57 Ending balance \$ 145.7 \$ 66.9)			\$	1.0				
48 Beginning balance 216.4 110.3 17.1 49 Transfers in 39.6 48.0 39.0 50 Appropriation to tobacco settlement program fund (18.5) (18.5) (19.5) 51 Gains/Losses 3.6 6.1 1.0 52 Additional transfers to Program Fund (21.6) (18.5) 53 Transfer to General Fund Appropriation Account (SB2) (109.1) (110.3) 54 Ending balance 110.3 17.1 37.6 TAX STABILIZATION RESERVE 55 Beginning balance \$ 147.5 \$ - \$ - 56 Transfers in - - - 56 Transfers out (147.5) - - - 57 Ending balance \$ - \$ - \$ - - 58 GENERAL FUND ENDING BALANCES \$ 145.7 \$ (66.9)		-			-			
49 Transfers in 39.6 48.0 39.0 50 Appropriation to tobacco settlement program fund (18.5) (18.5) (19.5) 51 Gains/Losses 3.6 6.1 1.0 52 Additional transfers to Program Fund (21.6) (18.5) 53 Transfer to General Fund Appropriation Account (SB2) (109.1) (110.3) 54 Ending balance 110.3 17.1 37.6 TAX STABILIZATION RESERVE 55 Beginning balance \$ 147.5 \$ - \$ - 56 Transfers in - - - 56 Transfers out (147.5) - - 57 Ending balance \$ - \$ - \$ - 58 Ending balance \$ - \$ - \$ - 58 GENERAL FUND ENDING BALANCES \$ 145.7 \$ (66.9)								
50 Appropriation to tobacco settlement program fund (18.5) (18.5) (19.5) 51 Gains/Losses 3.6 6.1 1.0 52 Additional transfers to Program Fund (21.6) (18.5) 53 Transfer to General Fund Appropriation Account (SB2) (109.1) (110.3) 54 Ending balance 110.3 17.1 37.6 TAX STABILIZATION RESERVE 55 Beginning balance \$ 147.5 \$ - \$ - 56 Transfers in - - 56 Transfers out (147.5) - - 57 Ending balance \$ - \$ - \$ - 58 GENERAL FUND ENDING BALANCES \$ 145.7 \$ (66.9)		• •						
51 Gains/Losses 3.6 6.1 1.0 52 Additional transfers to Program Fund (21.6) (18.5) 53 Transfer to General Fund Appropriation Account (SB2) (109.1) (110.3) 54 Ending balance 110.3 17.1 37.6 TAX STABILIZATION RESERVE 55 Beginning balance \$ 147.5 \$ - \$ - 56 Transfers in - - - 56 Transfers out (147.5) - - 57 Ending balance \$ - \$ - \$ - 58 GENERAL FUND ENDING BALANCES \$ 145.7 \$ (66.9)								
52 Additional transfers to Program Fund (21.6) (18.5) 53 Transfer to General Fund Appropriation Account (SB2) (109.1) (110.3) 54 Ending balance 110.3 17.1 37.6 TAX STABILIZATION RESERVE 55 Beginning balance \$ 147.5 \$ - \$ - 56 Transfers in - - - 56 Transfers out (147.5) - - 57 Ending balance \$ - \$ - \$ - 58 GENERAL FUND ENDING BALANCES \$ 145.7 \$ (66.9)				` '				, ,
53 Transfer to General Fund Appropriation Account (SB2) (109.1) (110.3) 54 Ending balance 110.3 17.1 37.6 TAX STABILIZATION RESERVE 55 Beginning balance \$ 147.5 \$ - \$ - 56 Transfers in - - - - - 56 Transfers out (147.5) - - - - 57 Ending balance \$ - \$ - \$ - - - 58 GENERAL FUND ENDING BALANCES \$ 145.7 \$ (66.9) - -								1.0
54 Ending balance 110.3 17.1 37.6 TAX STABILIZATION RESERVE 55 Beginning balance \$ 147.5 \$ - \$ - 56 Transfers in - - - 56 Transfers out (147.5) - - 57 Ending balance \$ - \$ - \$ - 58 GENERAL FUND ENDING BALANCES \$ 145.7 \$ (66.9)								
TAX STABILIZATION RESERVE 55 Beginning balance \$ 147.5 \$ - \$ - 56 Transfers in - - - - 56 Transfers out (147.5) - - - 57 Ending balance \$ - \$ - \$ - \$ - 58 GENERAL FUND ENDING BALANCES \$ 145.7 \$ (66.9)								
55 Beginning balance \$ 147.5 \$ - \$ - 56 Transfers out - - - - 57 Ending balance \$ - \$ - \$ - - 58 GENERAL FUND ENDING BALANCES \$ 145.7 \$ (66.9)	54	Ending balance		110.3		17.1		37.6
56 Transfers in - 56 Transfers out (147.5) - - 57 Ending balance \$ - \$ - \$ - 58 GENERAL FUND ENDING BALANCES \$ 145.7 \$ (66.9)								
56 Transfers out (147.5) - - 57 Ending balance \$ - \$ - \$ - 58 GENERAL FUND ENDING BALANCES \$ 145.7 \$ (66.9)	55	Beginning balance	\$	147.5	\$	-	\$	-
57 Ending balance \$ - \$ - \$ - 58 GENERAL FUND ENDING BALANCES \$ 145.7 \$ (66.9)		Transfers in		-				
57 Ending balance \$ - \$ - \$ - 58 GENERAL FUND ENDING BALANCES \$ 145.7 \$ (66.9)	56	Transfers out		(147.5)		-		-
	57	Ending balance	\$	-	\$	-	\$	-
	58 G	ENERAL FUND ENDING BALANCES	s	145.7	s	(66.9)		
			¥		J			

^{*}Reversed loss contingency of \$100 million related to historical lack of book-to-bank reconciliation.

^{**}The FY16 General Fund Operating Reserve is increased by a \$147.5 million transfer from the Tax Stabilization Reserve Fund, \$3.3 million of unneeded cash balances for a capital outlay project to the Homeland Security Department, \$36 million previously restricted for the Special Education Maintenance of Effort, and an additional \$1.3 million of cash balances from various state funds.