

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

New Mexico Department of Finance and Administration

Presented to the  
Legislative Education Study Committee  
December 15, 2016



## Overview

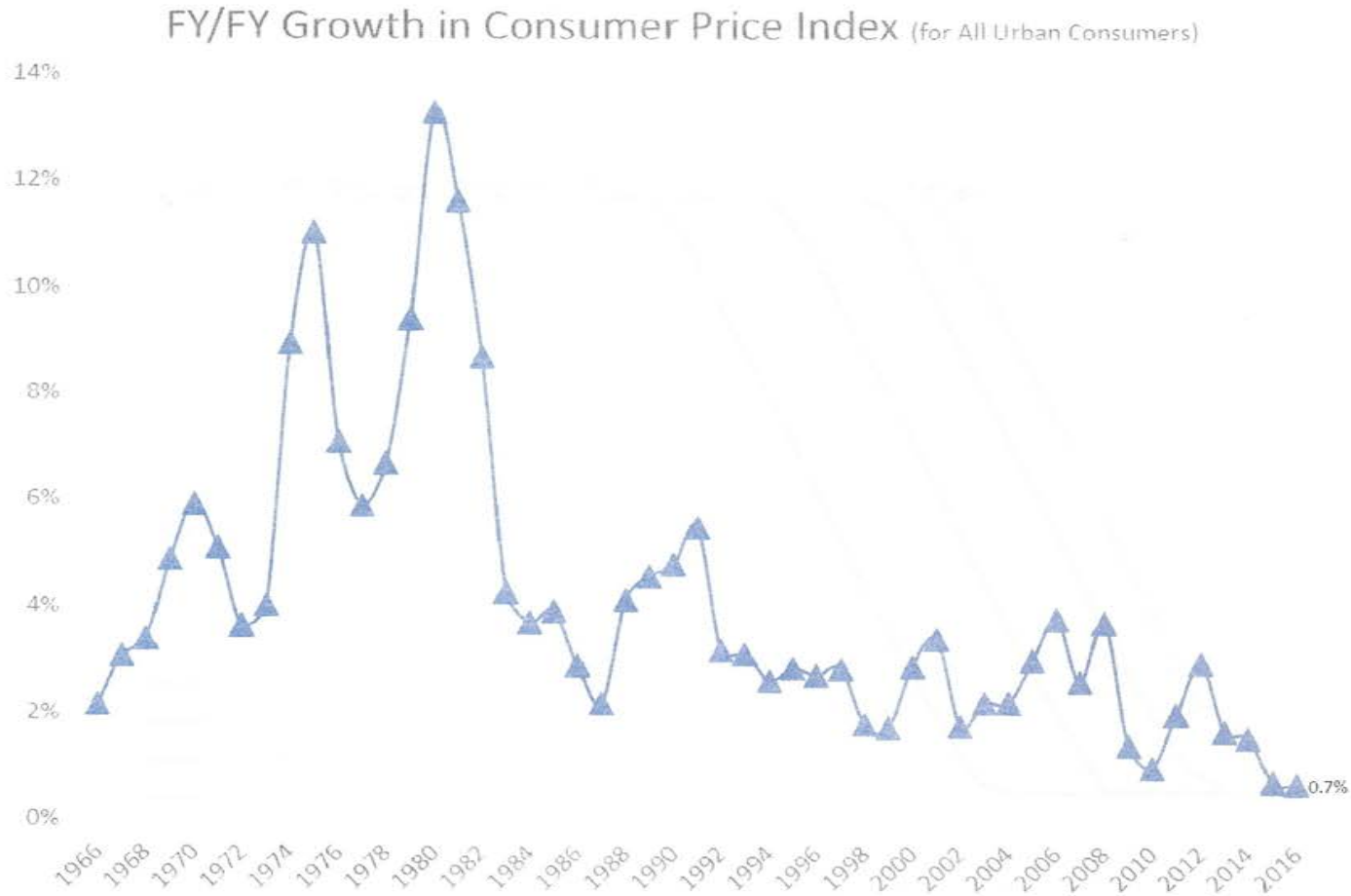
Recent New Mexico economic data has been below expectations and the New Mexico macroeconomic forecast has been revised lower since August

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.

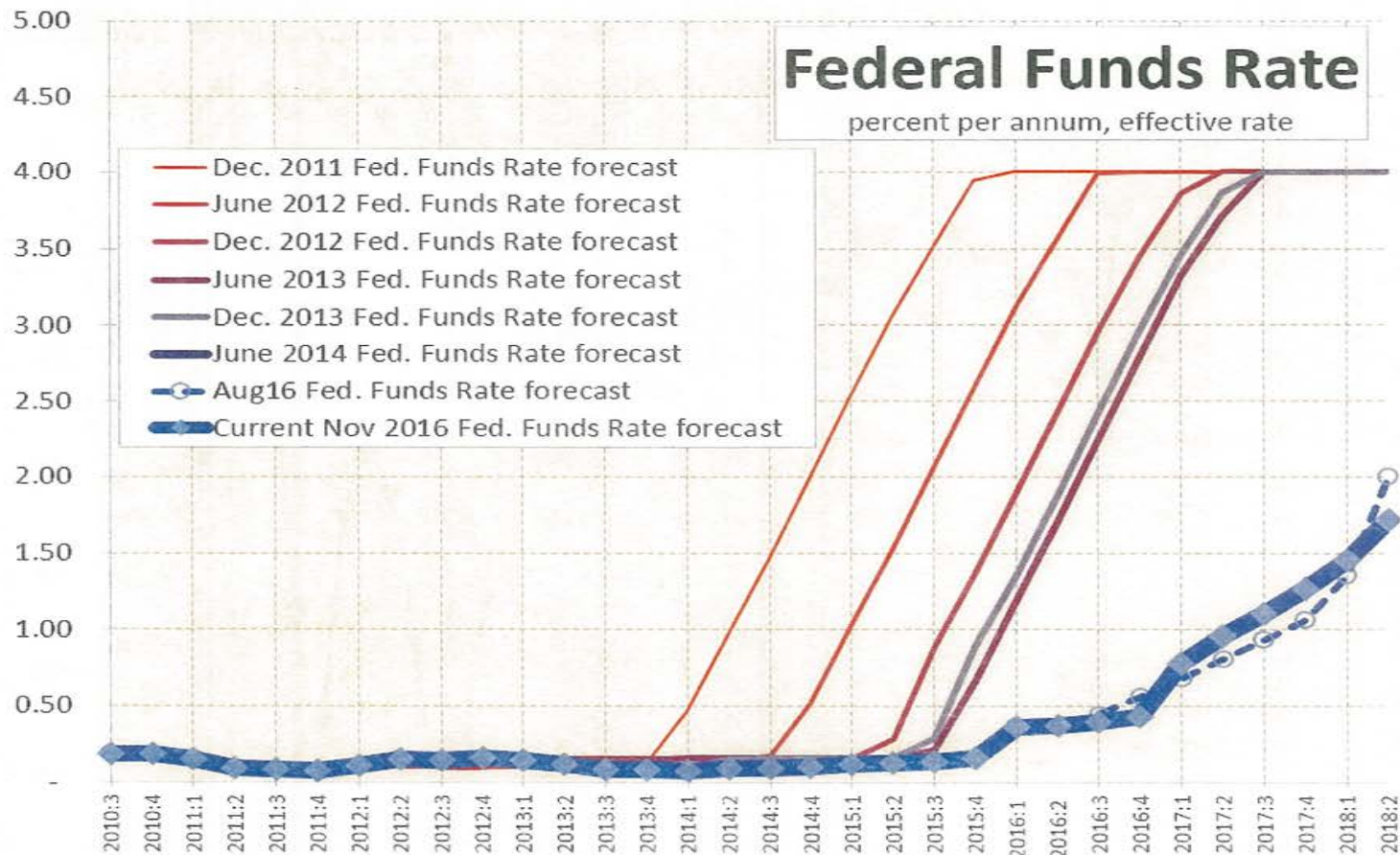


## Historically low Inflation = lower nominal revenue growth



- *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%*

## Interest Rates begin to increase

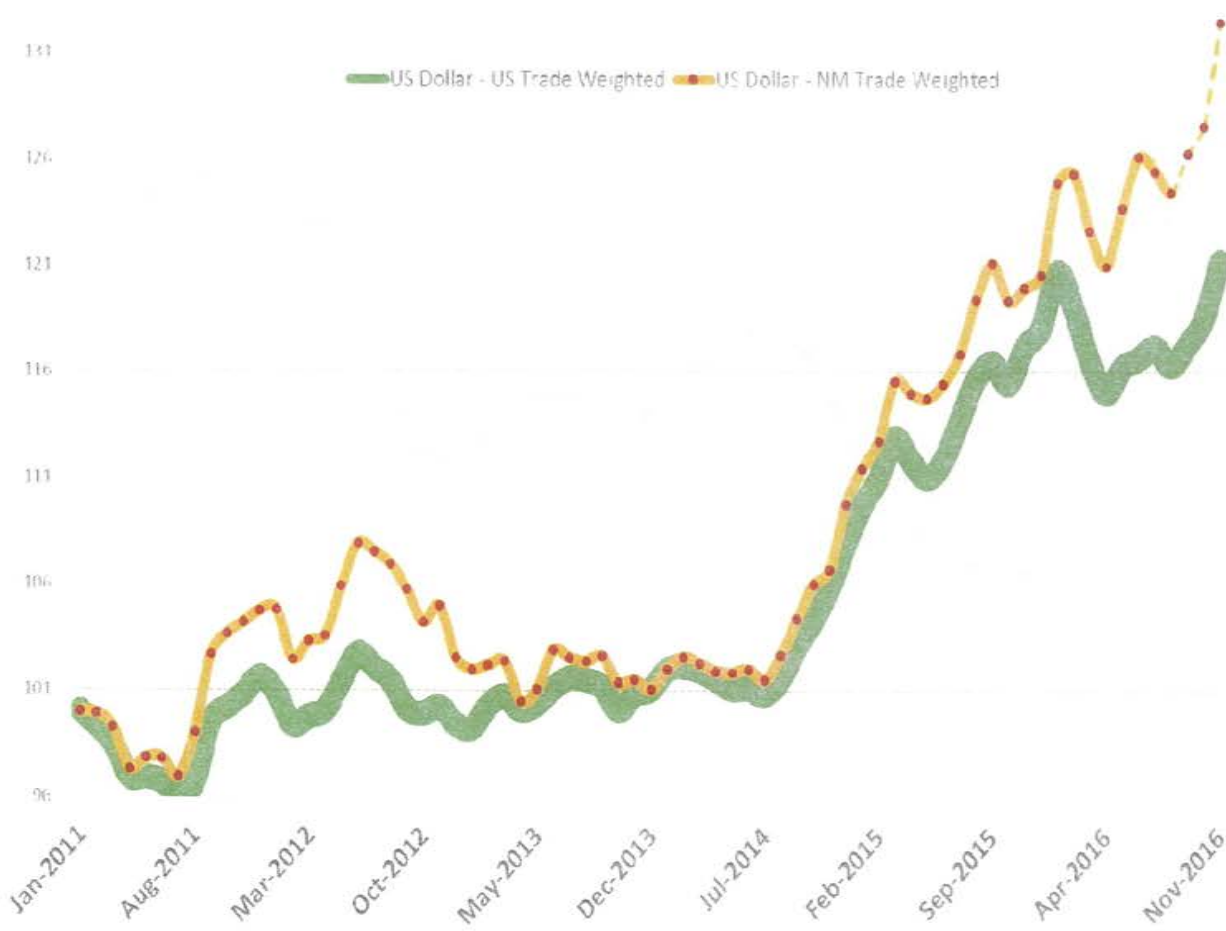


- Federal Funds Rate Expected to increase in December

# Strength of US Dollar

## Real Trade-Weighted Value of the US Dollar

Index Jan 2011=100, Monthly, Not Seasonally Adjusted



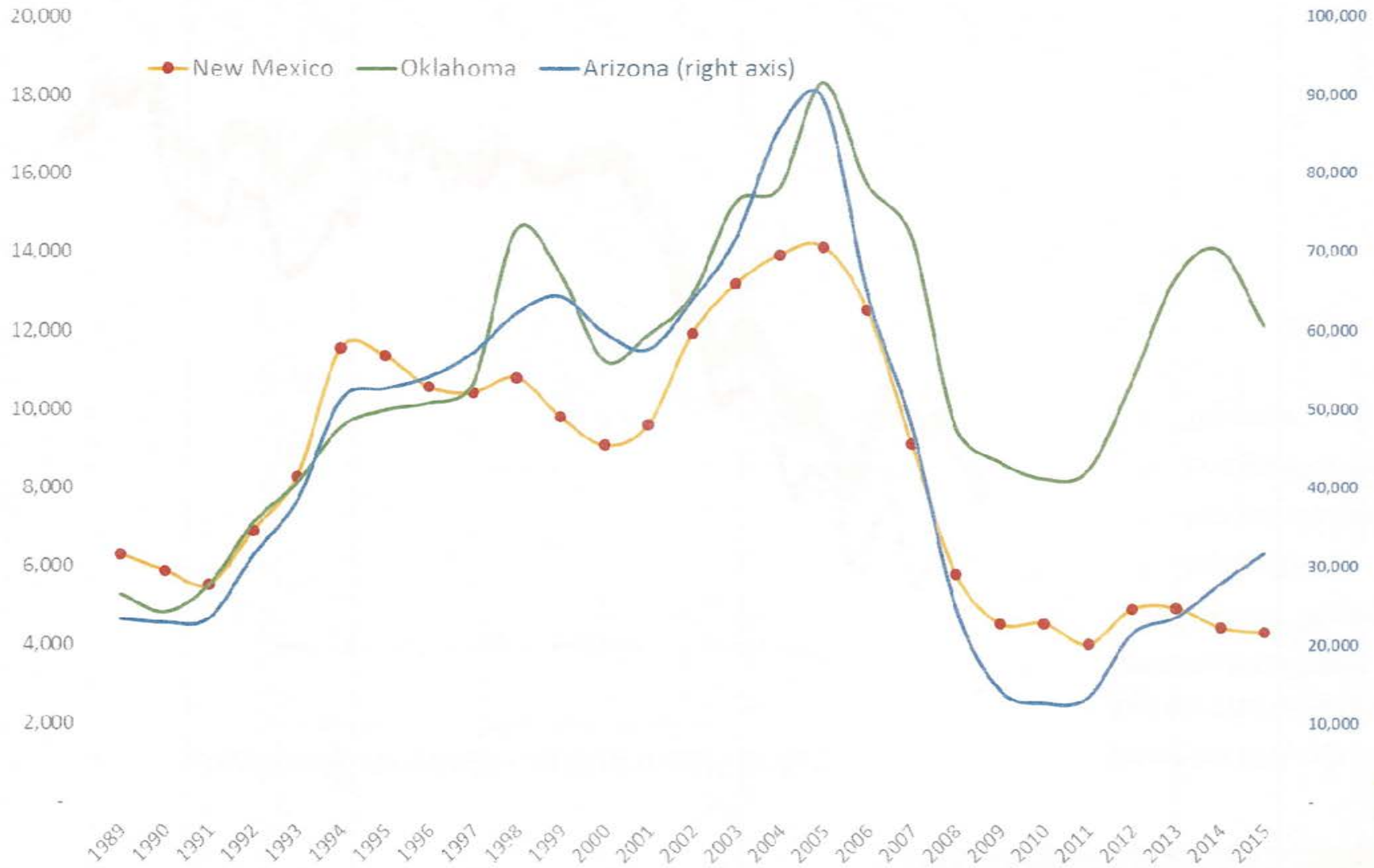
Good for NM consumer  
Bad for NM ad valorem  
consumption taxes

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

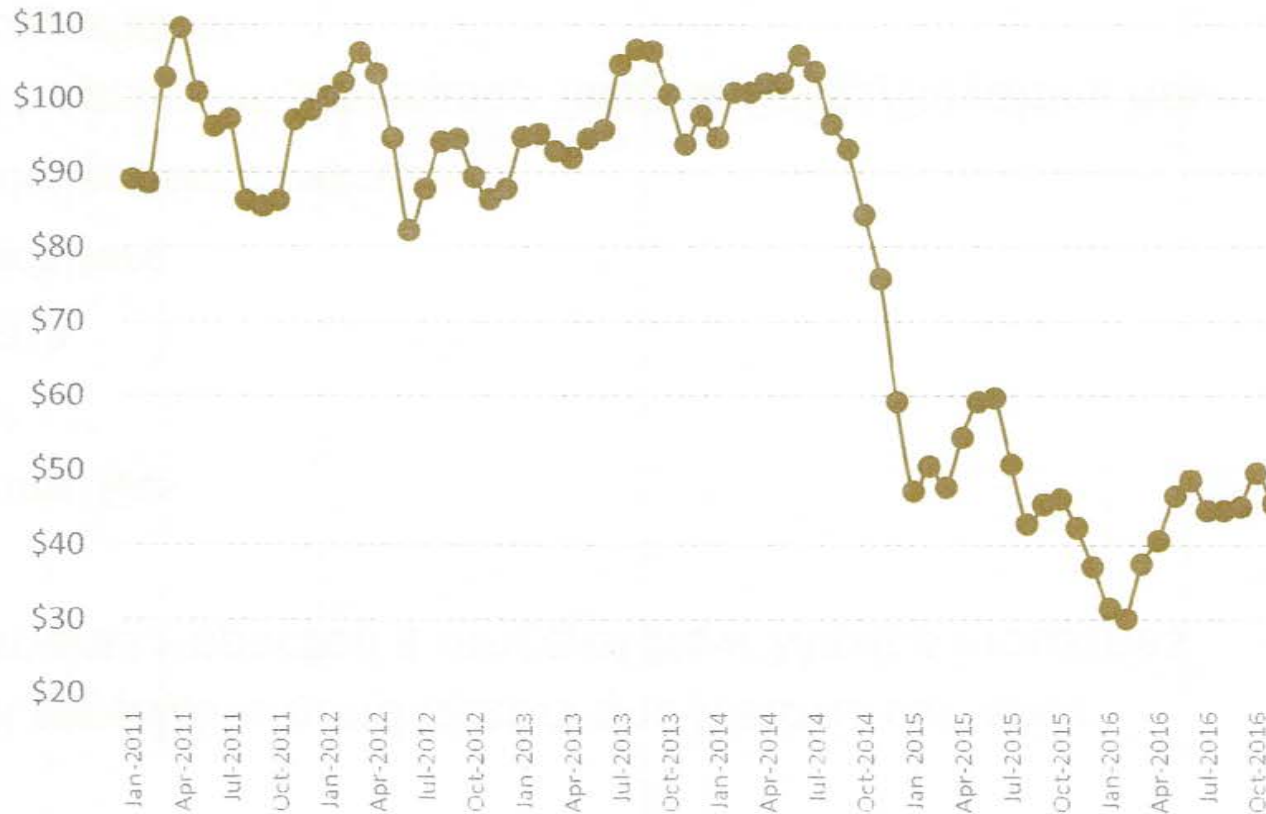
Direct impacts on Severance Taxes & Rents/Royalties have been significant

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)

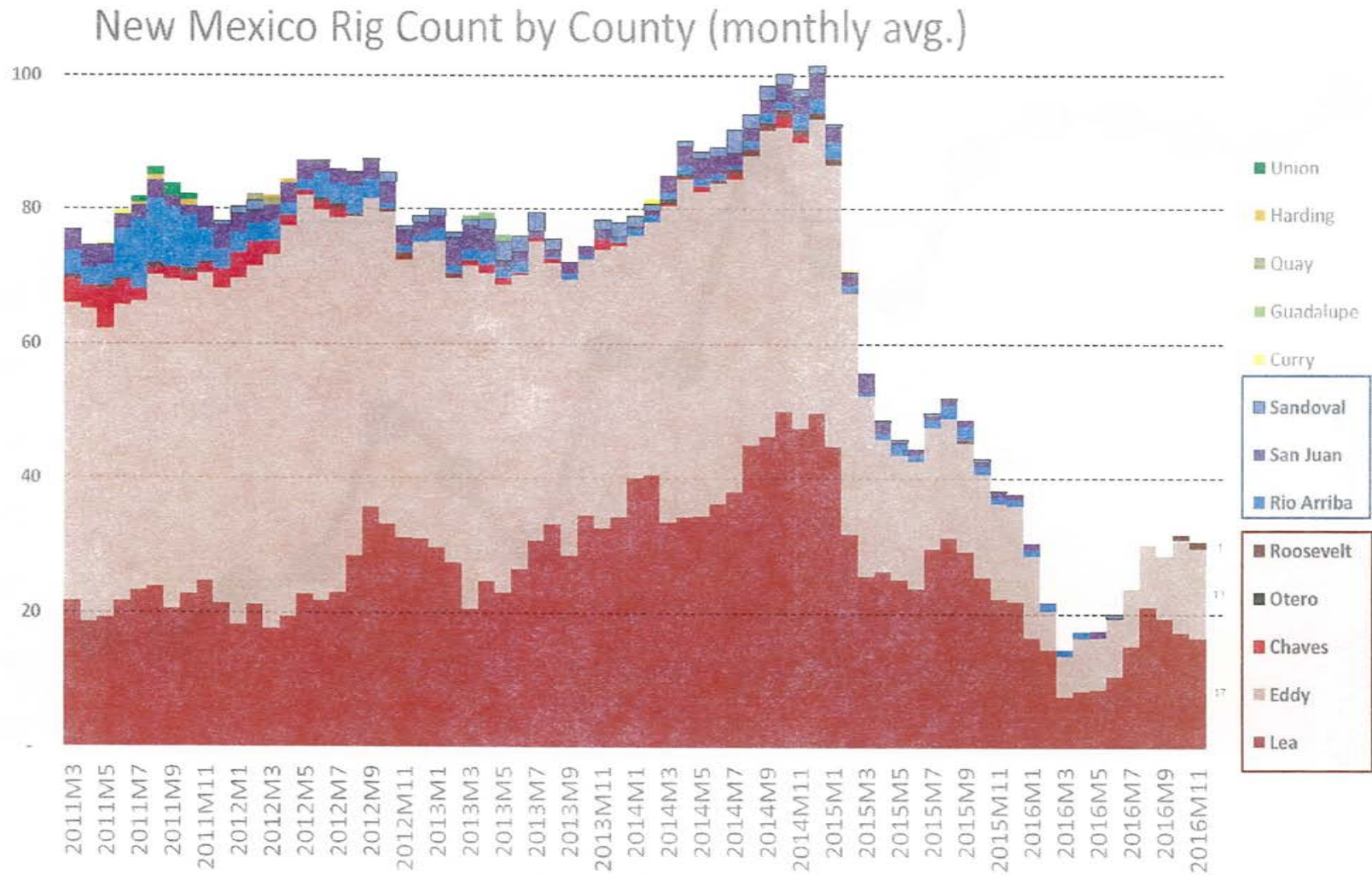


- **High: \$113.39/BBL (April 2011)**
- **Low: \$26.19/BBL (February 2016)**



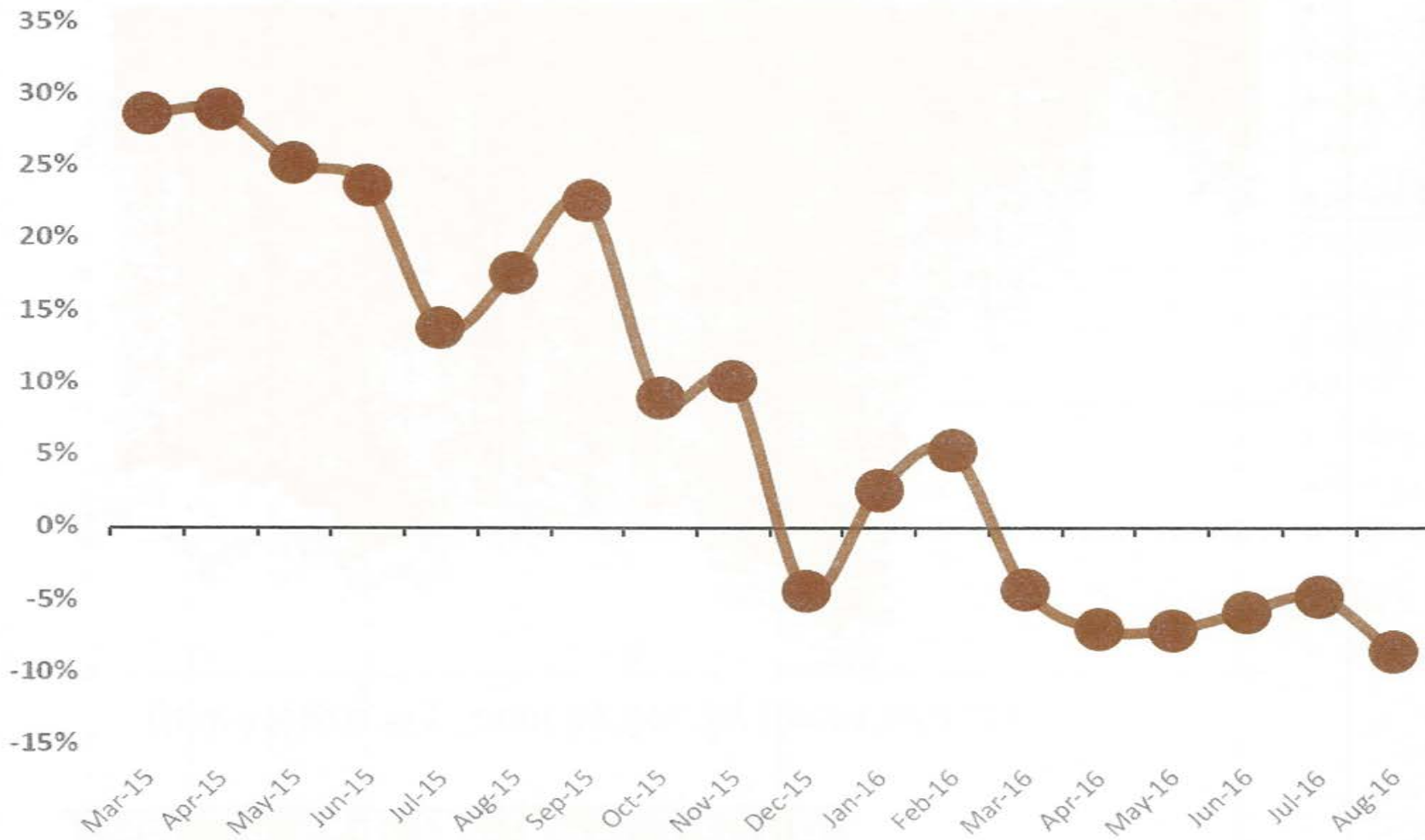


# The Impact on Oil Exploration



# 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 -4.0	Rio Arriba -0.5	Taos 0.0	Colfax 0.1	Union 0.2	
McKinley -1.1	Sandoval -0.7	Los Alamos 0.2	Mora 0.0	Harding 0.0	Quay 0.3
Cibola 0.0	<b>Bernalillo 3.7</b>	<b>Santa Fe 0.6</b>	San Miguel -0.3	Curry 1.2	
Catron -0.1	Valencia -0.2	Torrance 0.1	Guadalupe 0.2	De Baca 0.3	Roosevelt -1.3
Grant -0.2	Sierra 0.9	Socorro 0.3	Lincoln -0.1	<b>Lea -16.4</b>	
Luna 0.1	Doña Ana 1.1	Otero 0.0	Chaves -0.5	<b>Eddy -10.7</b>	
Hidalgo 0.2	<b>Out-of-State: -11.4</b>				

- 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 lease 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 **volume** 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

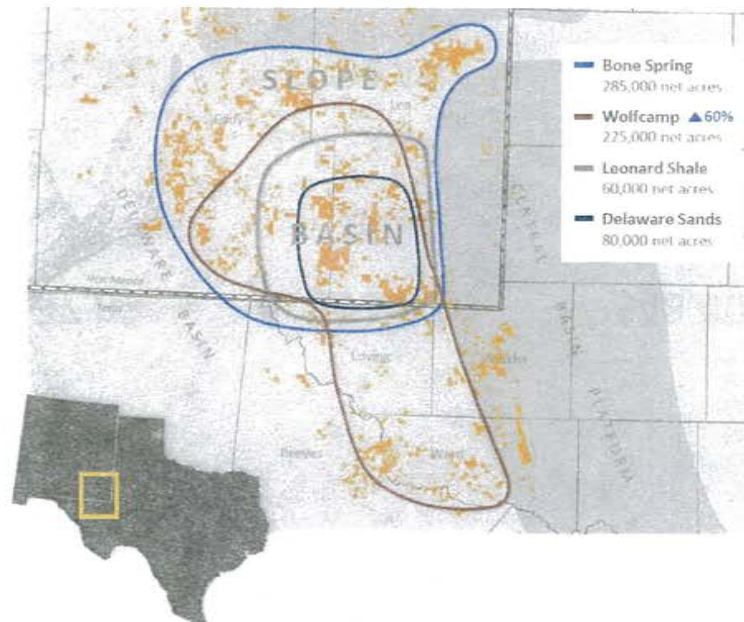
## Delaware Basin

*A World-Class Oil Play*



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

- 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



*Note: Devon is New Mexico's 2<sup>nd</sup> 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:

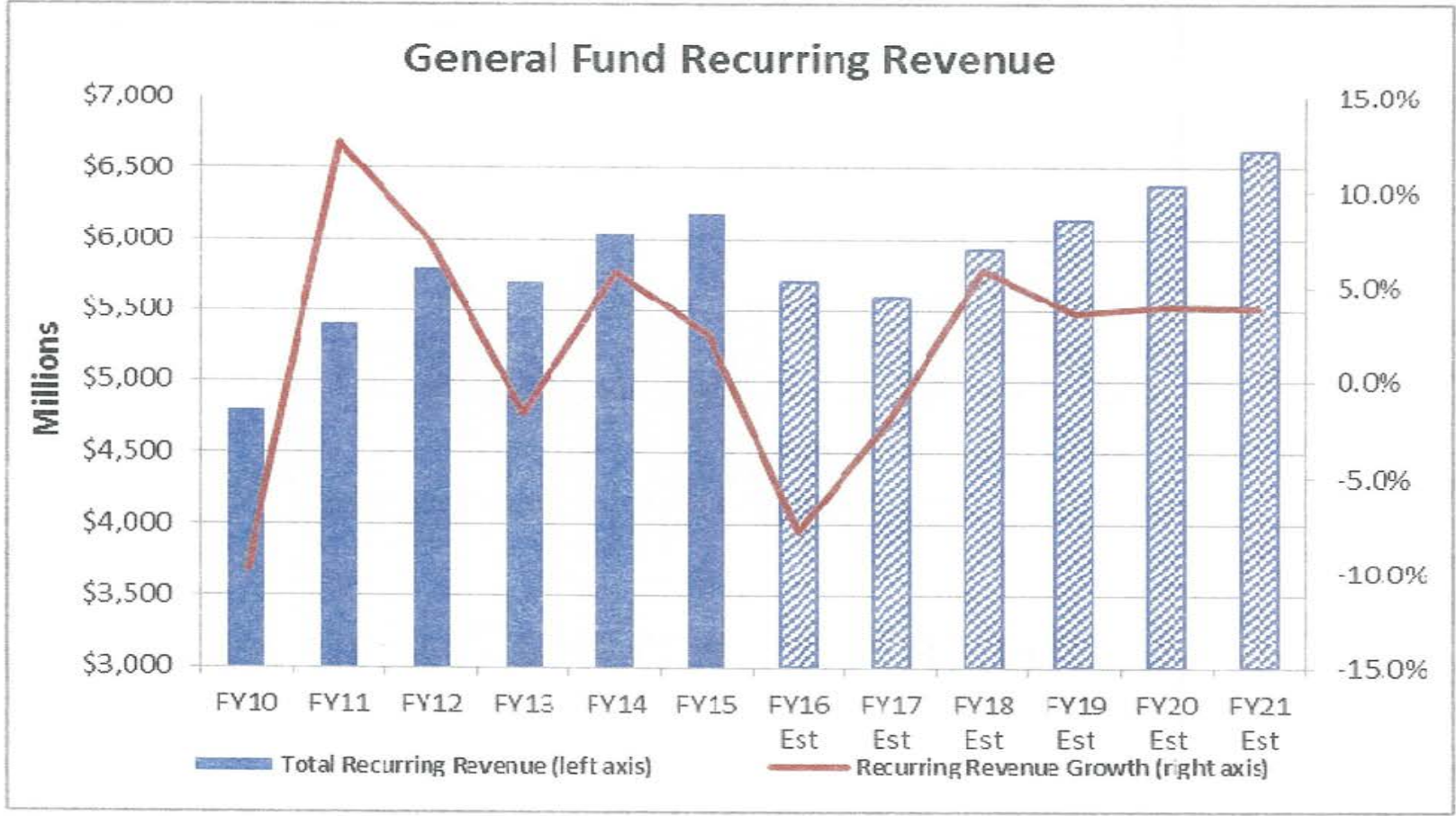
Price (\$/1,000 cu. ft.)	\$2.42	\$3.15	\$3.31
Production (Bill. cu. ft.)	1,175	1,144	1,108

*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

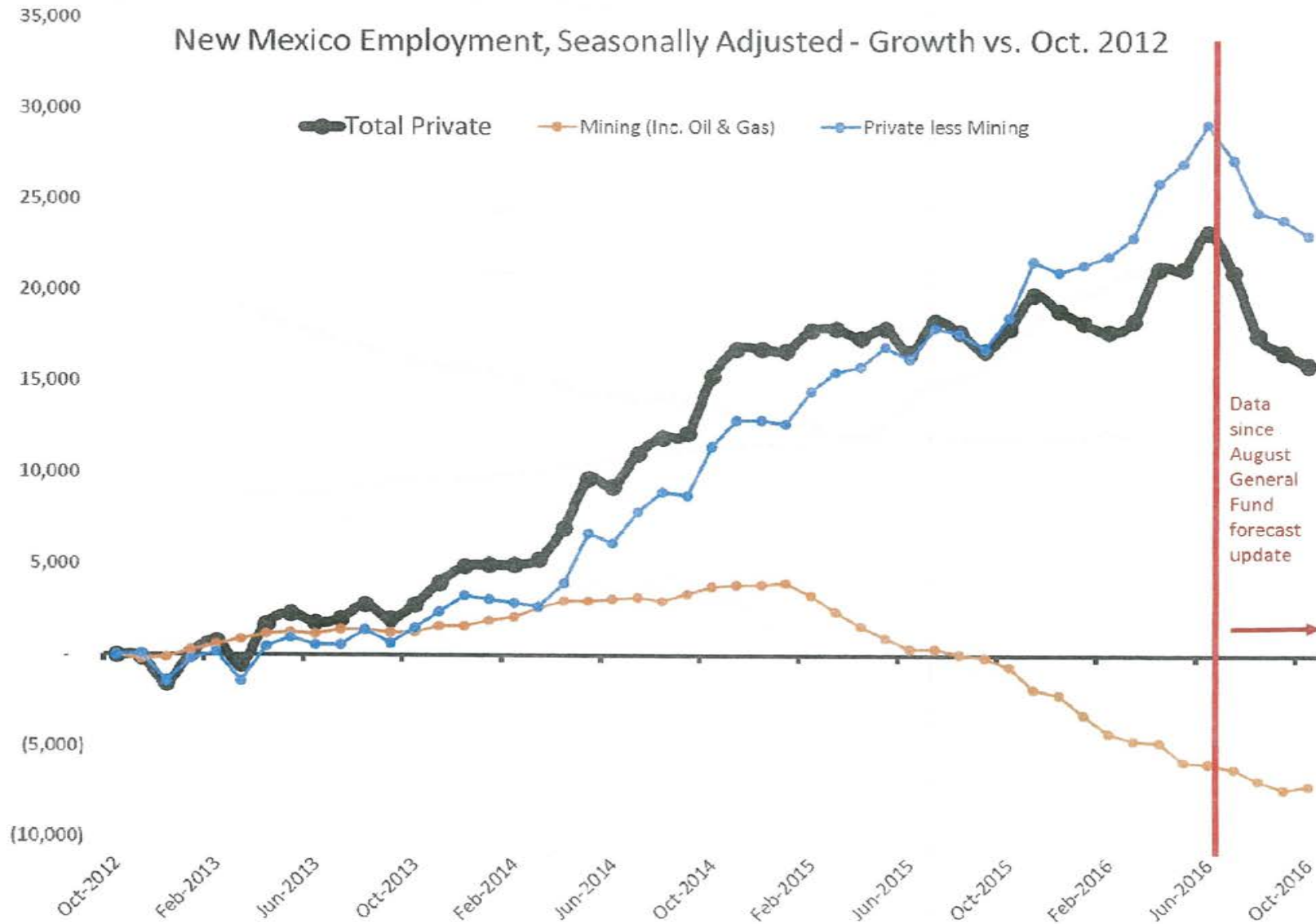
## December 2016 Consensus General Fund Forecast

	FY16		FY17		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%
<u>Total Recurring Revenue</u>	<u>\$5,709</u>	<u>-7.8%</u>	<u>\$5,600</u>	<u>-1.9%</u>	<u>\$5,929</u>	<u>5.9%</u>

- 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

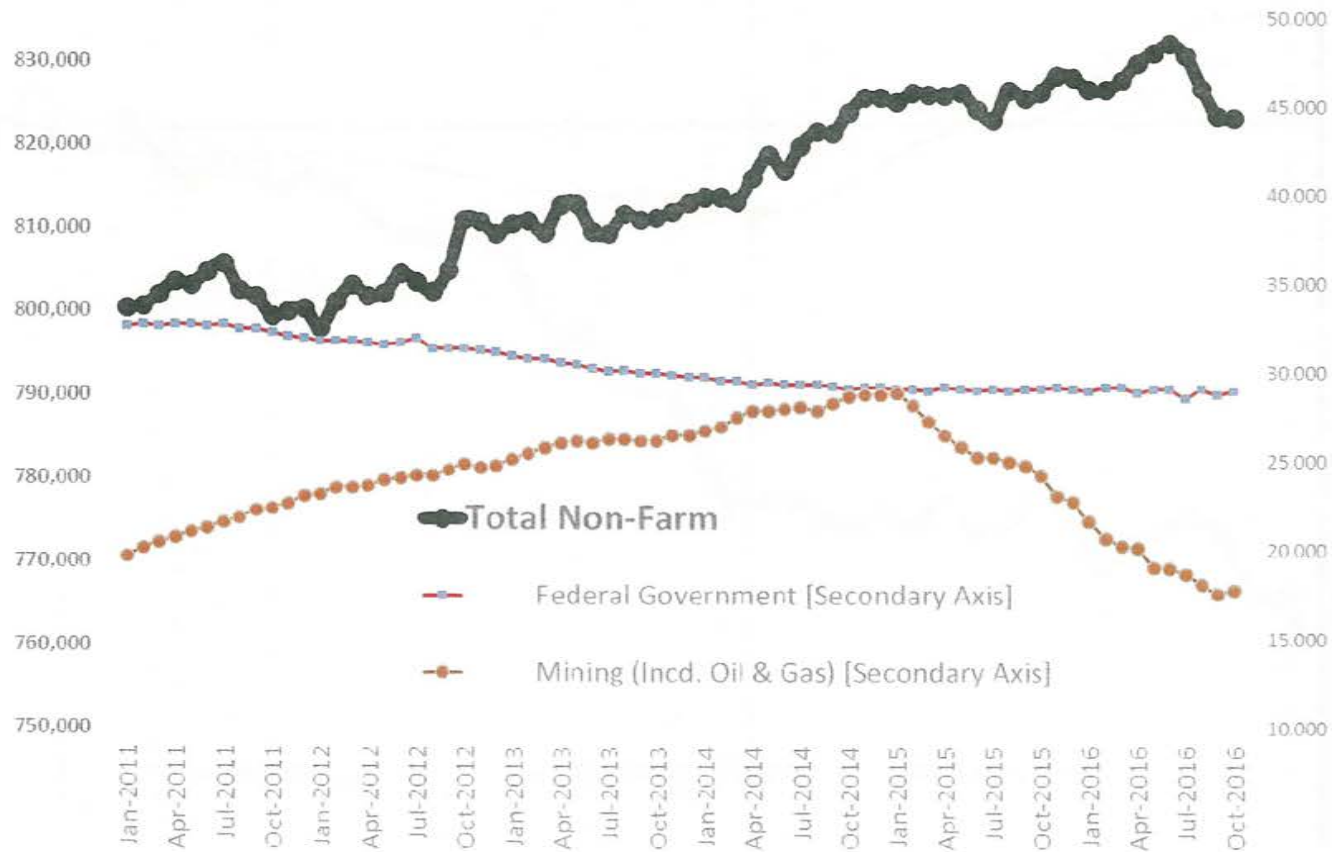


# Private Employment Growth



# Increased Diversification

New Mexico Employment - Seasonally Adjusted



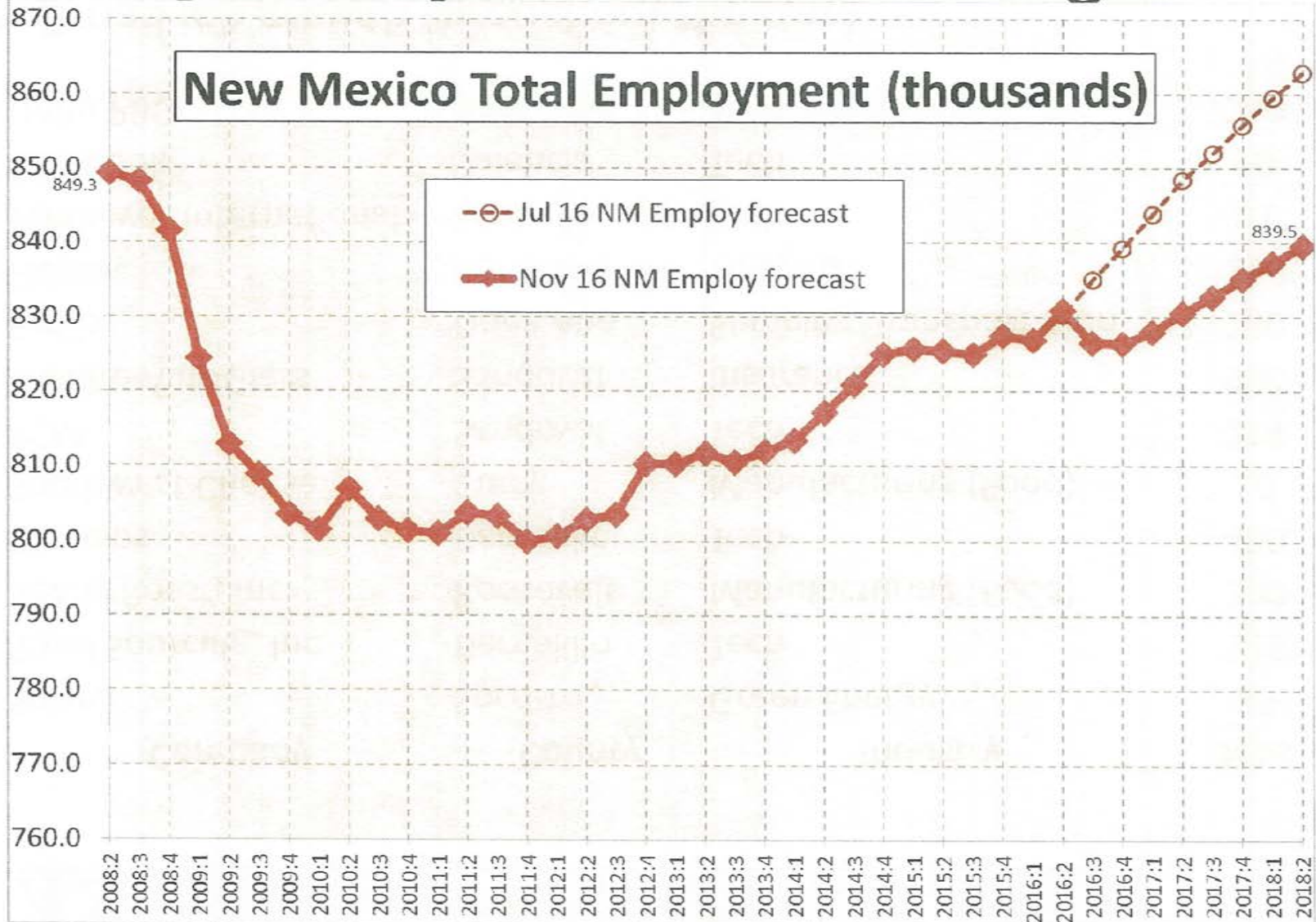
- Historically highly-reliant on federal government and energy sector
- Greater proportion of employment base in other industries

## *A Sampling of New NM Companies*

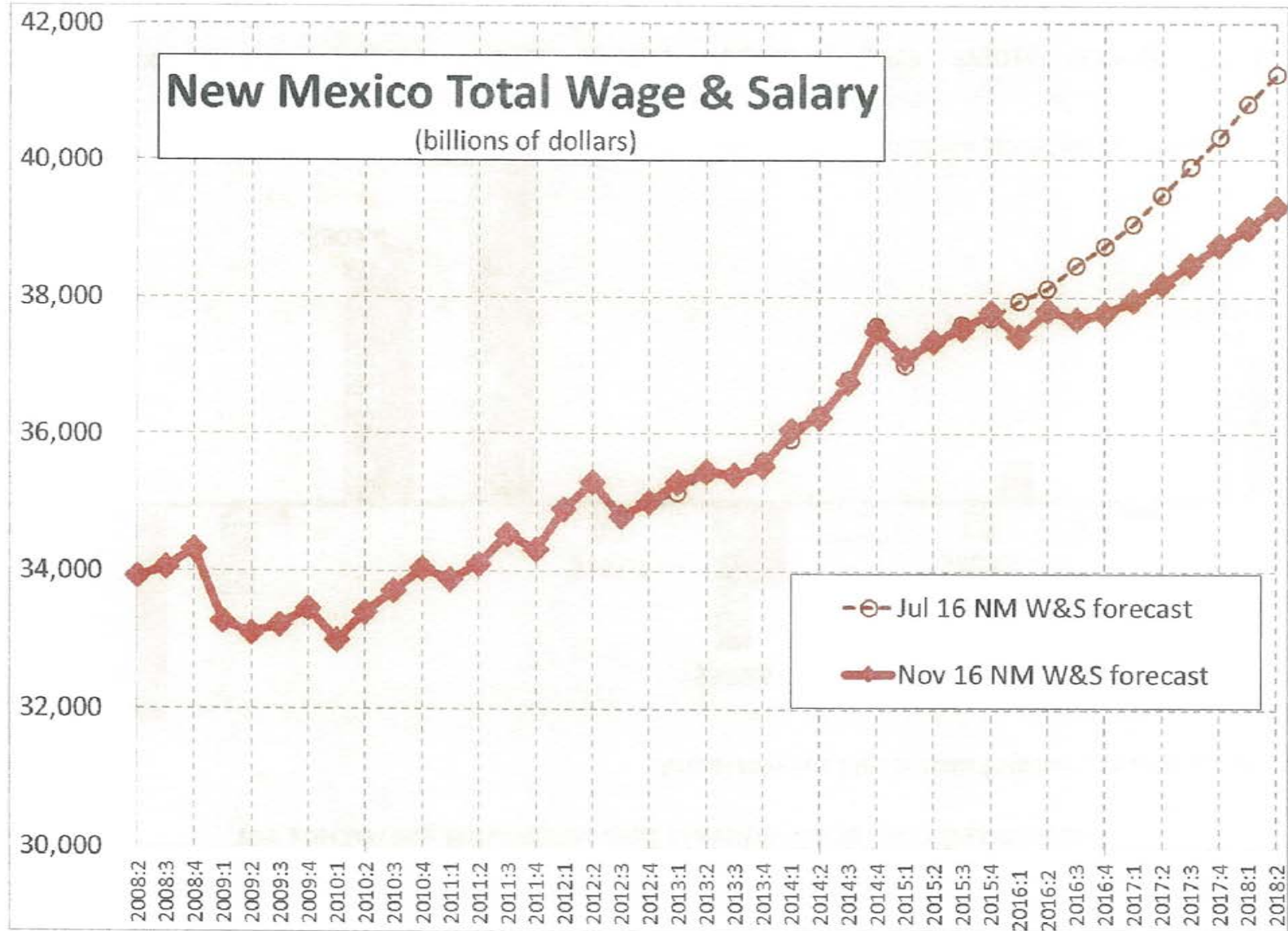
<b>Company</b>	<b>County</b>	<b>Industry</b>	<b>Jobs</b>
Solaro	Socorro	Green Energy	25
Rural Sourcing, Inc	Bernalillo	Tech	125
Ready Roast, Inc.	Roosevelt	Manufacturing (Food)	200
Skorpis	Bernalillo	Tech	400
Southwest Cheese	Curry	Manufacturing (Food)	50
PCM	Sandoval	Tech	224
Safelite AutoGlass	Sandoval	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



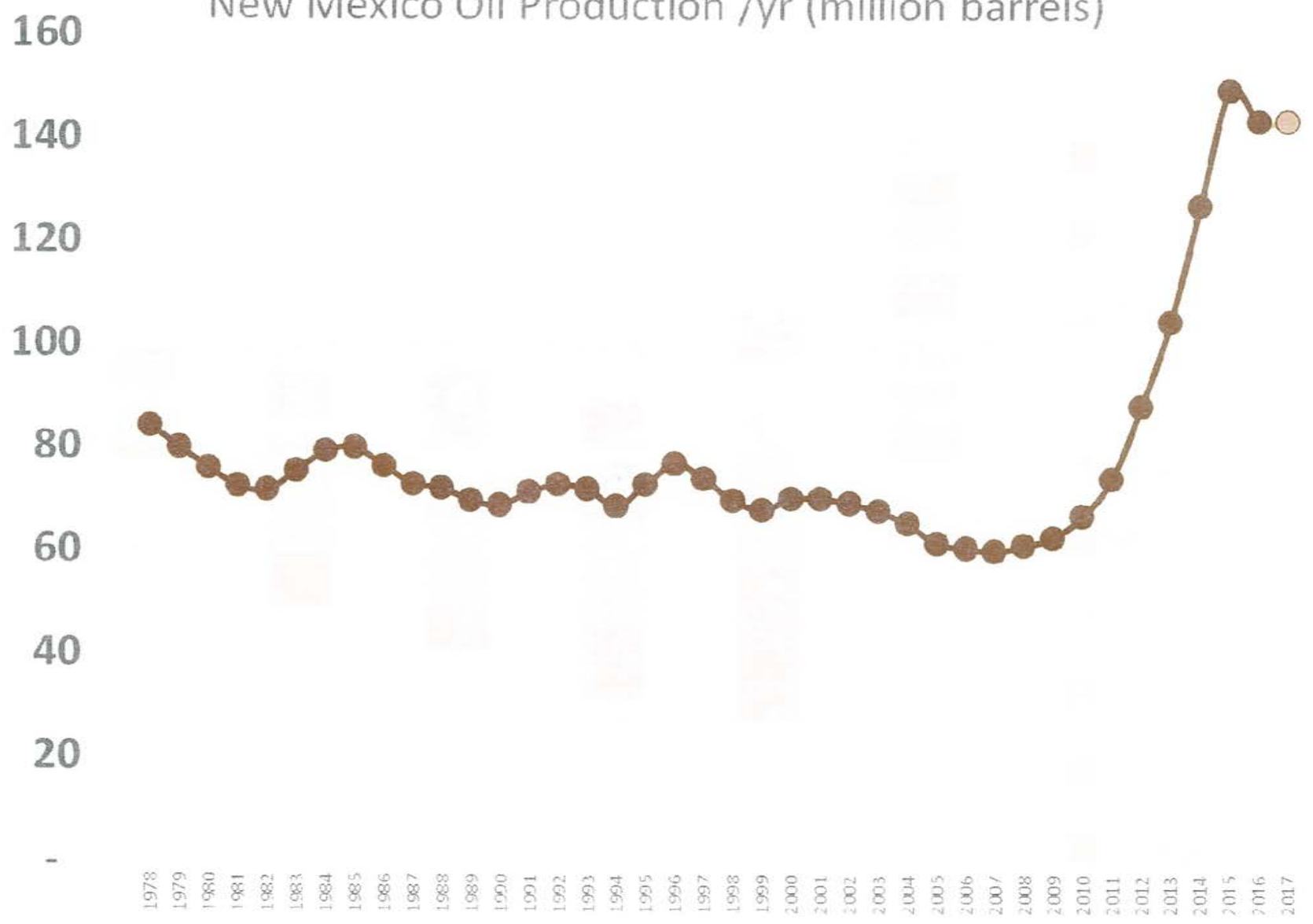
# Moody's Analytics Forecast Changes



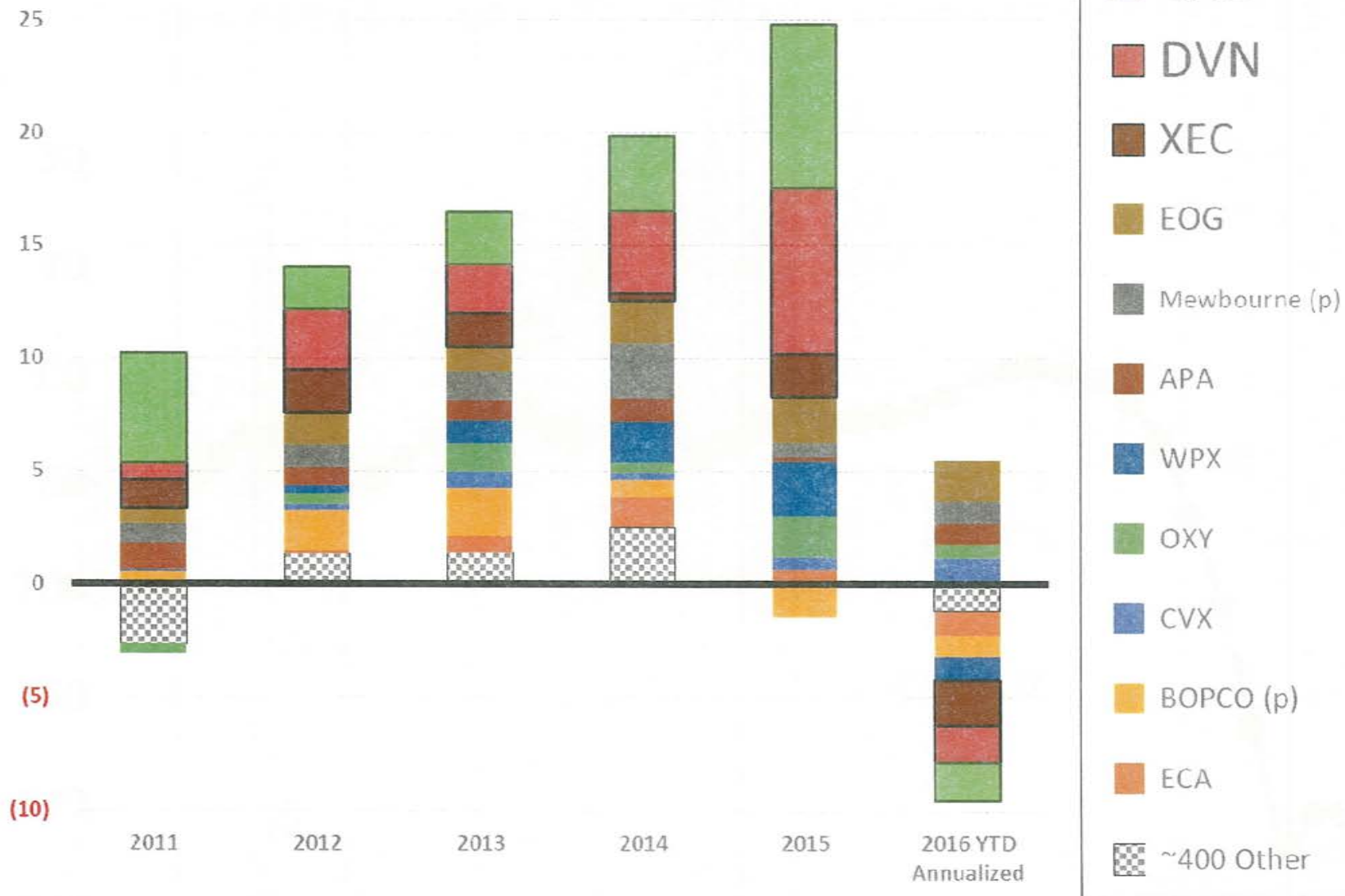
## Consensus Revenue Group 18-Month Estimating Error for Recurring Revenues and Natural Resource Revenues



New Mexico Oil Production /yr (million barrels)

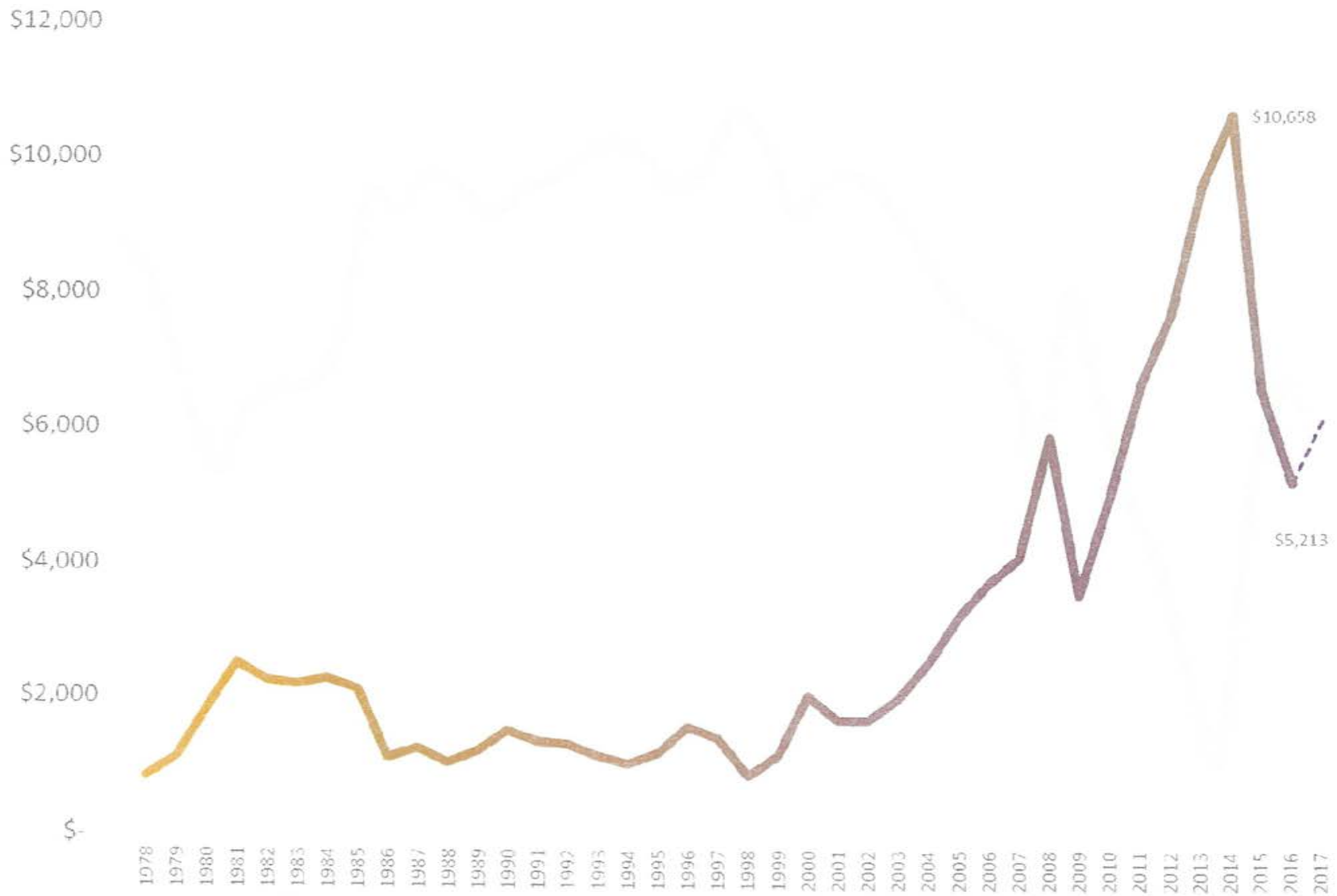


New Mexico Oil Production by Producer: Y/Y Change (millions of barrels)

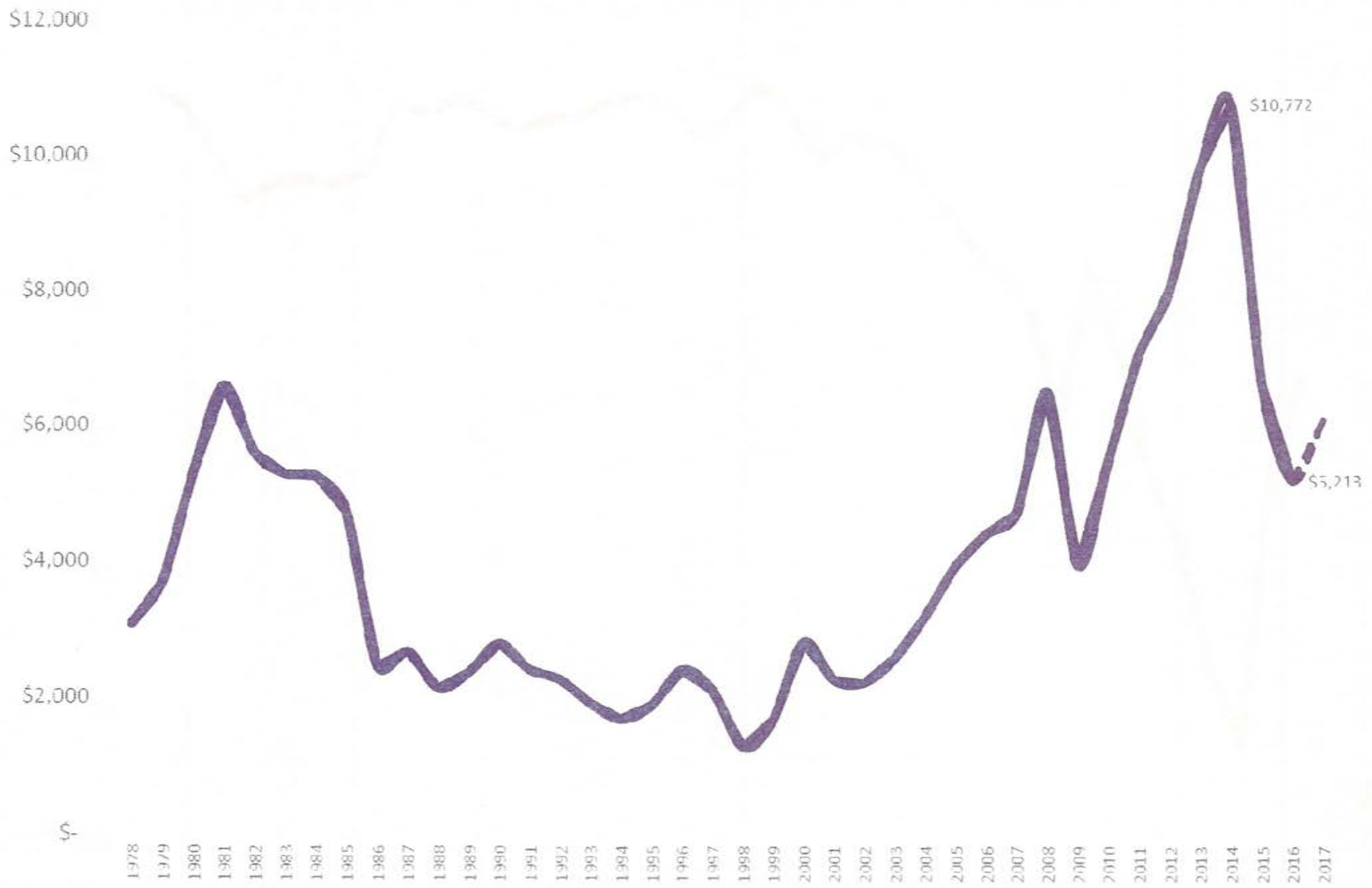


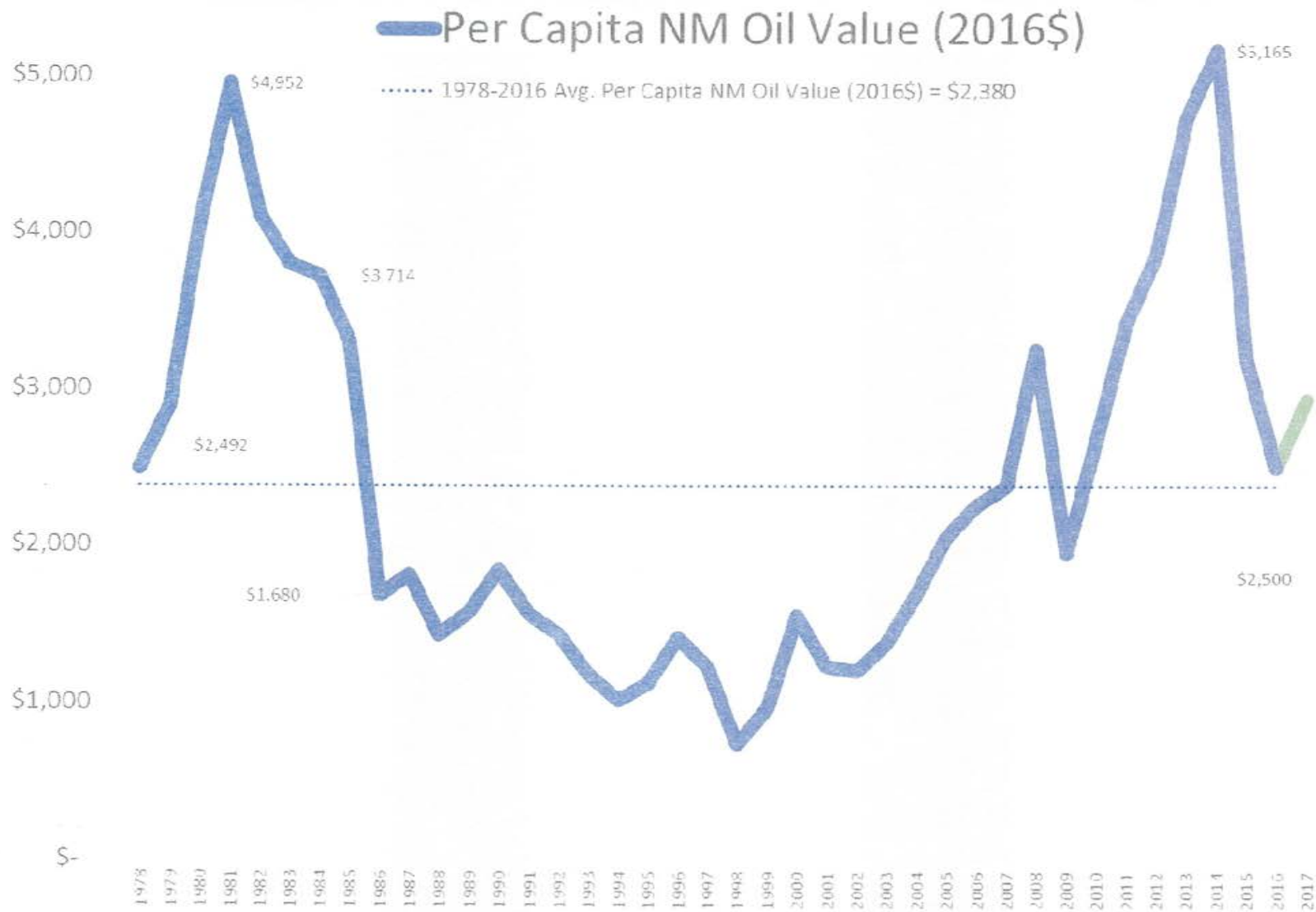


# Nominal New Mexico Oil Value (Millions)



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







General Fund Consensus Revenue Estimate December 2016

Revenue Source	FY19					FY20					FY21				
	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 from FY19	\$ Change from 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%	4.3	63.0	63.0	-	9.0%	5.2	69.3	69.3	-	10.0%	6.3
<b>TOTAL GENERAL SALES</b>	<b>2,225.1</b>	<b>2,161.6</b>	<b>(63.5)</b>	<b>4.9%</b>	<b>100.2</b>	<b>2,304.5</b>	<b>2,272.2</b>	<b>(32.3)</b>	<b>5.1%</b>	<b>110.6</b>	<b>2,379.7</b>	<b>2,375.5</b>	<b>(4.2)</b>	<b>4.5%</b>	<b>103.3</b>
Tobacco Taxes	74.0	74.0	-	-0.7%	(0.5)	73.5	73.5	-	-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%	0.5
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	-	0.0%	-	5.4	5.4	-	0.0%	-	5.4	5.4	-	0.0%	-
Other	2.1	2.2	0.1	0.0%	-	2.1	2.2	0.1	0.0%	-	2.1	2.2	0.1	0.0%	-
<b>TOTAL SELECTIVE SALES</b>	<b>607.8</b>	<b>590.8</b>	<b>(17.0)</b>	<b>4.0%</b>	<b>22.6</b>	<b>626.5</b>	<b>615.5</b>	<b>(11.0)</b>	<b>4.2%</b>	<b>24.7</b>	<b>644.0</b>	<b>638.6</b>	<b>(5.4)</b>	<b>3.8%</b>	<b>23.1</b>
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%	8.0
<b>TOTAL INCOME TAXES</b>	<b>1,486.0</b>	<b>1,463.0</b>	<b>(23.0)</b>	<b>1.2%</b>	<b>17.0</b>	<b>1,538.0</b>	<b>1,499.0</b>	<b>(39.0)</b>	<b>2.5%</b>	<b>36.0</b>	<b>1,588.0</b>	<b>1,555.0</b>	<b>(33.0)</b>	<b>3.7%</b>	<b>56.0</b>
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%	0.6
Resources Excise Tax	13.0	13.0	-	0.0%	-	13.0	13.0	-	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%	-
<b>TOTAL SEVERANCE TAXES</b>	<b>337.1</b>	<b>340.7</b>	<b>3.6</b>	<b>1.6%</b>	<b>5.4</b>	<b>346.4</b>	<b>353.5</b>	<b>7.1</b>	<b>3.8%</b>	<b>12.8</b>	<b>356.6</b>	<b>365.7</b>	<b>9.1</b>	<b>3.5%</b>	<b>12.2</b>
<b>LICENSE FEES</b>	<b>57.9</b>	<b>58.1</b>	<b>0.2</b>	<b>2.2%</b>	<b>1.3</b>	<b>59.3</b>	<b>59.6</b>	<b>0.3</b>	<b>2.5%</b>	<b>1.5</b>	<b>59.3</b>	<b>61.3</b>	<b>2.0</b>	<b>2.9%</b>	<b>1.7</b>
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%	6.8
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%	4.6
<b>TOTAL INTEREST</b>	<b>858.6</b>	<b>861.0</b>	<b>2.4</b>	<b>6.2%</b>	<b>50.0</b>	<b>902.3</b>	<b>901.8</b>	<b>(0.5)</b>	<b>4.7%</b>	<b>40.8</b>	<b>941.0</b>	<b>936.5</b>	<b>(4.5)</b>	<b>3.8%</b>	<b>34.7</b>
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%	-
<b>TOTAL RENTS &amp; ROYALTIES</b>	<b>475.2</b>	<b>490.0</b>	<b>14.8</b>	<b>0.2%</b>	<b>1.0</b>	<b>488.7</b>	<b>500.0</b>	<b>11.3</b>	<b>2.0%</b>	<b>10.0</b>	<b>500.7</b>	<b>512.0</b>	<b>11.3</b>	<b>2.4%</b>	<b>12.0</b>
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%	3.7
REVERSIONS	50.0	50.0	-	25.0%	10.0	50.0	50.0	-	0.0%	-	50.0	50.0	-	0.0%	-
<b>TOTAL RECURRING</b>	<b>6,221.2</b>	<b>6,142.4</b>	<b>(78.8)</b>	<b>3.6%</b>	<b>213.3</b>	<b>6,440.1</b>	<b>6,382.7</b>	<b>(57.4)</b>	<b>3.9%</b>	<b>240.3</b>	<b>6,643.8</b>	<b>6,630.3</b>	<b>(13.5)</b>	<b>3.9%</b>	<b>247.7</b>
<b>TOTAL NON-RECURRING</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>na</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>na</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>na</b>	<b>-</b>
<b>GRAND TOTAL</b>	<b>6,221.2</b>	<b>6,142.4</b>	<b>(78.8)</b>	<b>3.4%</b>	<b>213.3</b>	<b>6,440.1</b>	<b>6,382.7</b>	<b>(57.4)</b>	<b>3.9%</b>	<b>240.3</b>	<b>6,643.8</b>	<b>6,630.3</b>	<b>(13.5)</b>	<b>3.9%</b>	<b>247.7</b>

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	FY16		FY17		FY18		FY19		FY20	
	Aug 2016 Forecast	Dec 2016 Forecast	Aug 2016 Forecast	Dec 2016 Forecast	Aug 2016 Forecast	Dec 2016 Forecast	Aug 2016 Forecast	Dec 2016 Forecast	Aug 2016 Forecast	Dec 2016 Forecast
<b>National Economic Indicators</b>										
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
<b>New Mexico Labor Market and Income Data</b>										
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
<b>New Mexico Energy Prices &amp; Volumes</b>										
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.

\*\*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.

Sources: Moody's Analytics baseline forecast, November 2016

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

	<u>Prelim FY2016</u>	<u>Estimated FY2017</u>	<u>Estimated FY2018</u>
<b>REVENUE</b>			
Recurring Revenue			
1	\$ 5,672.1	\$ 5,731.0	\$ 6,056.4
2	\$ 36.7		
3		\$ (130.8)	\$ (127.3)
4		\$ 4.5	
5	<u>\$ 5,708.8</u>	<u>\$ 5,604.7</u>	<u>\$ 5,929.1</u>
Nonrecurring Revenue			
6	\$ 3.3		
7	\$ -	\$ 74.3	
8		\$ 128.5	
9	<u>\$ 3.3</u>	<u>\$ 202.7</u>	<u>\$ -</u>
10	<u><b>\$ 5,712.1</b></u>	<u><b>\$ 5,807.4</b></u>	<u><b>\$ 5,929.1</b></u>
<b>APPROPRIATIONS</b>			
Recurring Appropriations			
11	\$ 6,240.8	\$ 6,228.0	
12	\$ (31.0)		
13		\$ (205.0)	
14	<u>\$ 6,209.8</u>	<u>\$ 6,023.0</u>	<b>TBD</b>
Nonrecurring Appropriations			
15	\$ 97.2	\$ 1.3	
16		\$ 2.5	
17	<u>\$ 97.2</u>	<u>\$ 3.8</u>	<u>\$ -</u>
18	<u><b>6,307.03</b></u>	<u><b>\$ 6,026.8</b></u>	<u><b>\$ -</b></u>
19	\$ (595.0)	\$ (219.4)	\$ -
<b>GENERAL FUND RESERVES</b>			
20	\$ 613.1	\$ 145.7	
21	(595.0)	(219.4)	
22	353.3	62.1	
23	(225.8)	(55.3)	
24	<u>\$ 145.7</u>	<u>\$ (66.8)</u>	<u>\$ -</u>
25	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-recurring 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)**

	<b>Prelim FY2016</b>	<b>Estimated FY2017</b>	<b>Estimated FY2018</b>
<b>OPERATING RESERVE</b>			
26	Beginning balance	\$ 219.79	\$ -
27	BOF Emergency Fund and reversions	(2.0)	(2.0)
28	Transfer (to) / from Tax Stabilization Fund	147.5	
29	Contingent Liability for Cash Reconciliation, FY15 Audit*	100.0	
30	2016 Session [HB-311 fund transfers & MOE unrestricted]**	40.6	
31	Transfer to ACF	(20.0)	
32	Transfers from (to) appropriation account	(595.0)	(219.4)
33	<i>Transfer from Tobacco Permanent Fund (SB2)</i>	<i>109.1</i>	<i>110.3</i>
34	Ending balance	\$ -	\$ (111.1)
<b>APPROPRIATION CONTINGENCY FUND</b>			
35	Beginning balance	\$ 28.4	\$ 34.4
36	Disaster allotments	(16.3)	(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
40	Ending Balance	\$ 34.37	\$ 26.1
<b>Education Lock Box</b>			
41	Beginning balance	\$ 0.0	\$ -
dnp	Appropriations (2012, 2013 & 2014 GAA, Section 5)	-	-
42	Transfers in (out)	-	-
43	Ending balance	\$ 0.0	\$ -
<b>STATE SUPPORT FUND</b>			
44	Beginning balance	\$ 1.0	\$ 1.0
45	Revenues	\$ -	\$ -
46	Appropriations	\$ -	\$ -
47	Ending balance	\$ 1.0	\$ 1.0
<b>TOBACCO PERMANENT FUND</b>			
48	Beginning balance	216.4	110.3
49	Transfers in	39.6	48.0
50	Appropriation to tobacco settlement program fund	(18.5)	(18.5)
51	Gains/Losses	3.6	6.1
52	Additional transfers to Program Fund	(21.6)	(18.5)
53	<i>Transfer to General Fund Appropriation Account (SB2)</i>	<i>(109.1)</i>	<i>(110.3)</i>
54	Ending balance	110.3	17.1
<b>TAX STABILIZATION RESERVE</b>			
55	Beginning balance	\$ 147.5	\$ -
56	Transfers in	-	-
56	Transfers out	(147.5)	-
57	Ending balance	\$ -	\$ -
58	<b>GENERAL FUND ENDING BALANCES</b>	<b>\$ 145.7</b>	<b>\$ (66.9)</b>
59	<i>Percent of Recurring Appropriations</i>	<i>2.3%</i>	<i>-1.1%</i>

\*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.