

BACKGROUND INFORMATION

The Consensus Revenue Estimating Group (CREG), comprised of the Legislative Finance Committee (LFC), Department of Finance and Administration (DFA), Taxation and Revenue Department (TRD), and Department of Transportation (DOT), reached consensus on the revenue estimates presented in this brief. The table below presents a reconciliation of recurring revenues through the current revenue estimating cycle.

December 2017 Consensus General Fund Recurring Revenue Outlook				
(in millions of dollars)				
	FY17	FY18	FY19	FY20
August 2017 Consensus	\$5,740.7	\$5,941.1	\$6,107.3	\$6,314.4
December 2017 Adjustments	\$144.7	\$149.6	\$174.0	\$175.2
December 2017 Consensus	\$5,885.4	\$6,090.7	\$6,281.3	\$6,489.6
Annual amount change	\$168.9	\$205.3	\$190.5	\$208.4
Annual percent change	3.0%	3.5%	3.1%	3.3%

Summary

The economy is growing and revenues are rebounding, projected FY18 recurring revenues rising to \$6.1 billion, \$149.6 million more than the August 2017 consensus estimate. Attachment 1 (page 12) also shows projected FY19 revenues rose by \$174 million to \$6.3 billion, and “new money,” defined as FY19 projected recurring revenue less FY18 recurring appropriations, is \$199 million, or 3.3 percent of recurring appropriations. These increases are welcome news after two years of mostly declining revenue estimates and the need for significant solvency measures in the 2016 and 2017 regular and special legislative sessions. However, optimism based on rising revenues should be tempered with caution due to many significant risks (see revenue risks section on page 2).

Attachment 2 (page 14) shows the general fund financial summary. Preliminary FY17 reserve balances are \$505 million, or 8.3 percent of recurring appropriations, which is a substantial increase from prior projections. Projected FY18 reserves are \$550 million, or 9 percent; however, this is insufficient to withstand the impact of a moderate recession, requiring a minimum of 10 percent reserves, according to estimates from Moody’s Analytics. Moody’s also estimated New Mexico would need 17 percent reserves to withstand a severe recession. The revenue effects of a severe recession could also occur while the national economy continues to expand if just a few of the many risks the state faces occur in a short period of time. Additionally, the recent rebound in revenues is based to a significant degree on the recovery of the oil and gas industry, which is highly volatile.

Uncertainties also remain for some revenue-related data, including the 60-day money and other credits issue discussed in detail as part of the August 2017 forecast. Following requests by LFC staff, TRD researched several of these

AGENCY: Consensus Revenue Estimating Group

DATE: December 4, 2017

PURPOSE OF HEARING: General fund consensus revenue estimate

PREPARED BY: Jon Clark, Chief Economist, and Dawn Iglesias, Economist

EXPECTED OUTCOME: Informational

General Fund Financial Summary

The summary shown on Attachment 2 (page 14) illustrates the impact of the revenue estimates from the December 2017 consensus forecast on reserve levels.

Revenues exceeded expenditures in FY17 by \$331.4 million and are projected to exceed expenditures in FY18 by \$45.7 million.

Total ending balances are projected at \$505 million, or 8.3 percent, for FY17 and \$550 million, or 9 percent, for FY18.

Federal Tax Reform Would Affect State Revenues

Both the House and Senate introduced tax reform bills titled the “Tax Cuts and Jobs Act”; however, it is still too early to know what a final proposal may look like. Generally, both the House and Senate proposals reduce the number of income tax brackets and the tax rates, eliminate personal exemptions, increase the standard deduction, and eliminate some itemized expenditures.

New Mexico’s personal and corporate income taxes use federal tax systems as a starting point for administration. Since the state conforms fairly closely to the federal system, New Mexico is particularly sensitive to changes at the federal level.

In a presentation to the Revenue Stabilization and Tax Policy Committee, the New Mexico Tax Research Institute stated New Mexicans are likely to see a state tax increase for those whose increased standard deduction does not offset the loss of personal exemptions. This has potential to increase general fund revenues for income taxes.

uncertainties and provided answers that helped explain the majority of some substantial anomalies (see 60-day money discussion on page 6). To provide greater certainty for revenue tracking and forecasting, more research and analysis is needed. In particular, monthly reporting of tax credits by revenue source and by type of credit would help economists analyze the health of state revenues and would provide much needed public oversight and accountability. Detailed reporting on taxpayer protests would also help economists and state policymakers estimate potential revenue losses and identify where changes to statute could close loopholes, clarify intent, and prevent rising tax expenditures.

Revenue Risks

Federal Mineral Leasing

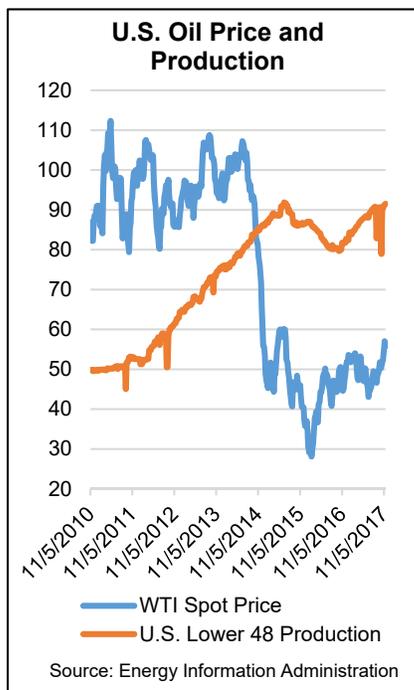
The Congressional Budget Office (CBO) estimated the current federal tax reform proposals could add to the federal deficit by about \$1.5 trillion over the next 10 years. Due to the federal Pay-As-You-Go Act of 2010 (PAYGO), tax cuts are required to be paired with offsetting spending cuts, otherwise the law would trigger automatic spending cuts to Medicare and other programs, including federal mineral leasing payments (FML) to states. CBO issued a letter on November 13, 2017 indicating a bill increasing federal deficits to this magnitude would trigger annual spending cuts of \$25 billion to Medicare and \$111 billion to accounts subject to sequestration.

New Mexico received \$435.7 million in FML payments in FY17, representing about 7 percent of recurring general fund revenues. If the state were to lose these payments as a result of federal tax reform and the PAYGO law, it would have a devastating impact on the state’s budget and would largely wipe out the reserves our state has struggled to rebuild. To avoid this, Congress would have to accompany tax reform with provisions to eliminate, delay, or otherwise side-step the PAYGO law, an action that would require bipartisan support at the federal level.

Oil Price and Volume Risk

Oil prices have relatively stabilized from the sharp downturn that occurred between late 2014 and mid-2016, with West Texas Intermediate (WTI) prices buoying between \$45 and \$60 per barrel since May 2016. Weekly price swings since last May average about 3 percent and have been as high as 10 percent, influenced by weekly and monthly data releases regarding U.S. oil production and global crude inventories, news stories of geopolitical risks causing supply disruptions, and production plans by the Organization of Petroleum Exporting Countries (OPEC). While OPEC agreed in its November 30 meeting to extend production cuts through 2018, there is now concern OPEC could overstimulate the market such that prices rise too quickly, which would spark even greater U.S. shale production, potentially flood the market again with excess supply, and drive prices back down.

New Mexico’s dependence on the energy sector makes the state especially sensitive to oil market volatility. A significant portion of the state’s revenues are generated from the activities of the petroleum industry. This includes not only direct revenue from severance taxes, bonuses, rents, and royalties, but also includes income taxes from oil companies and industry workers, gross receipts taxes on drilling activities, and other worker spending. Oil companies with operations in the Permian basin have relied on high production levels to offset low prices, a strategy that has required expansion of horizontal drilling techniques, increased efficiency



with fewer workers per rig, and lower breakeven costs. Despite these coping techniques, there is risk of sudden oil price drops if global inventories remain high, OPEC changes tactics, or demand does not meet expectations, and this could trigger a pullback in production and another significant downturn in state revenues.

Tax Protests and Refund Claims

TRD reported in October 2017 \$445 million in taxpayer claims were in protest, a mix of disputes over assessments, denied refunds, and denied business credits. LFC staff requested significantly more details about these protests, including amounts under protest for the last several fiscal years, but this will take time for TRD to research due to the need to manually compile much of this data history. The large dollar amount under protest could easily wipe out most of the state's newly rebuilt reserves if the state were to lose all the cases; however, the historical data series is needed to determine if this level of protests is higher than historical norms.

Anecdotal reports by some industry representatives suggest TRD is routinely denying refunds, deductions, and credits to a much higher degree in recent years, leading to concerns about the department's ability to provide a reliable, consistent tax environment for businesses. However, it is important to note that well over \$100 million was paid by the state in FY15 through FY17 to taxpayers exploiting loopholes in statutes, and many tax professionals continue to encourage clients to aggressively pursue claims for deductions and credits in ways never previously allowed and seemingly at odds with statutory intent. TRD should act to protect state revenues in accordance with law and regulation, but these actions should be consistent and guided by policies and procedures promoted by agency leadership and effectively communicated to industry.

In addition to taxpayer protests, local governments are concerned TRD may be incorrectly distributing gross receipts tax revenues. If these claims are true, the state could lose tens of millions of dollars in back payments.

Reporting and Tax Expenditures

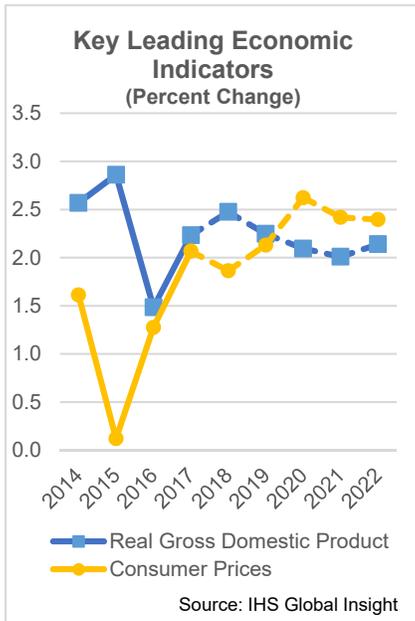
Significant potential exists for unforeseen increases in the cost of tax expenditures to state revenues. In recent years, several tax expenditures had larger fiscal impacts than initially estimated, significantly contributing to revenue estimating error. In some cases, the revenue impacts exceeded initial estimates by up to an order of magnitude, requiring changes in statute to curb the impact, such as the changes made during the 2016 special legislative session to the high-wage jobs tax credit and medical deductions. The wide array of tax expenditures available creates opportunity for unforeseen increases in costs due to economic factors or exploitation of unknown loopholes.

LFC economists noted in the August 2016 revenue forecast brief issues with significant increases in the cost of select tax expenditures and noted issues with TRD reporting and resulting uncertainty in revenues. This followed a request for the department to produce a monthly report on credits by type and by tax program. TRD stated it is still working on such a report, but it was not available for this forecast. Lack of information on tax expenditures and other revenue impacts continues to add to uncertainty to the forecast.

Improved reporting by the department would increase revenue certainty but so would better reporting by taxpayers. The issue of 60-day money (discussed in the

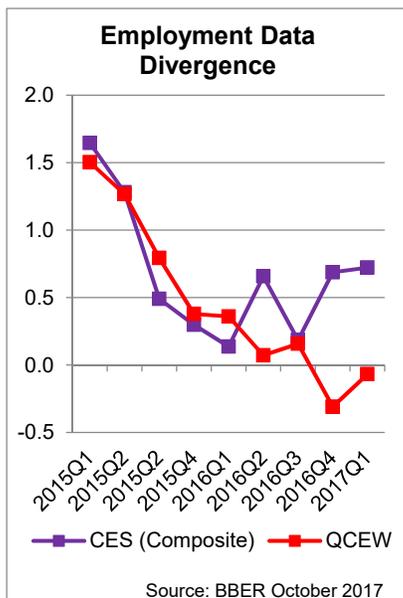
Follow-Up for the Taxation and Revenue Department

- Analysis of federal tax reform and the resulting impact of state-level income taxes on revenues and families; recommended legislation to protect revenues and prevent state-level tax increases
- Detailed history of protests by number, value, type, and resolution in favor of TRD or taxpayers
- Monthly credit reporting
- Additional research into "other credits," including relationship with business credits
- Detailed explanation and documentation of what happens to aged credits
- More specific breakdown by fiscal year of impact of 60-day money and other credits now booked as PIT withholding
- Documentation of a GenTax scenario simulating a taxpayer reducing a credit and taking additional deductions, indicating how and when general fund and local government distributions are impacted – key to tracking and forecasting tax expenditure impacts
- Documentation of oversight for accepting a return, what impacts occur before final approval, and at what point in the process a return affects local government distributions
- Analysis on whether Amazon should now be remitting GRT on third-party purchases and if not, what circumstances would need to exist for this to be required
- Updated projections on the impact of HB641 from the 2013 legislative session to gradually reduce the CIT rate and phase in single sales factor apportionment, improving CIT forecasting
- Additional research into why the relationship between the amount of tax due to the general fund and the underlying matched taxable gross receipts began fluctuating wildly starting in October 2015



Forecasting Services

The consensus revenue estimating group uses two different forecasting services in developing the economic assumptions on which the forecast is based. LFC, TRD, and DOT rely on New Mexico forecasts produced by UNM's Bureau of Business and Economic Research (BBER). BBER, in turn, relies on a national forecast produced by IHS Global Insight. DFA utilizes Moody's Analytics for its national and state forecasts. Selected economic indicators from these forecasts are presented in Attachment 6 (page 19).



GRT section) is a result of inadequate or erroneous payments by taxpayers that cannot be matched to a tax return within 60 days. While this can occur with a variety of tax programs, those that are reported in the combined reporting system (CRS) filings create the most trouble because the system uses one report for half a dozen tax programs, including GRT and personal income tax (PIT) withholding payments. TRD should research possible solutions to these and other taxpayer reporting issues and present recommendations to the Legislature.

Federal Laboratories

Currently, the for-profit management status of the national laboratories allows the state to collect gross receipts taxes that would be lost if new management contracts were given to a nonprofit organization. The state would lose roughly \$30 million or more in gross receipts tax (GRT) revenue annually with a switch at Sandia and about \$24 million with a switch at Los Alamos National Laboratory (LANL), and local governments would also incur significant losses, particularly Los Alamos. This issue is a less immediate concern for Sandia, as the recent management contract was awarded to a for-profit entity; however, it is a potential risk for LANL with responses to the request for proposals for a new management contract due by December 11, 2017. The current contract expires September 30, 2018.

Recession Risk

Recessions do not follow a schedule, so an assertion the country is due for another recession would be erroneous; however, as time passes, the opportunity for conditions to arise that could cause a recession increase. Although the likelihood of another recession occurring within the forecast period appears high given historical cycles, with no signs of an overheating economy or substantial impending shocks, the macroeconomic forecasts used by the economists do not project dates within the forecast period in which a recession would likely occur. Additionally, the global economy increasingly appears to be on a widespread growth trajectory. However, if FY20 begins with no national recession, this will become the longest expansion in modern U.S. history. Because another recession is inevitable and the state is susceptible to significant revenue losses from other potential macroeconomic factors, such as another drop in oil prices, the state should continue planning to return to 10 percent or greater reserve levels.

United States and New Mexico Economic Forecast

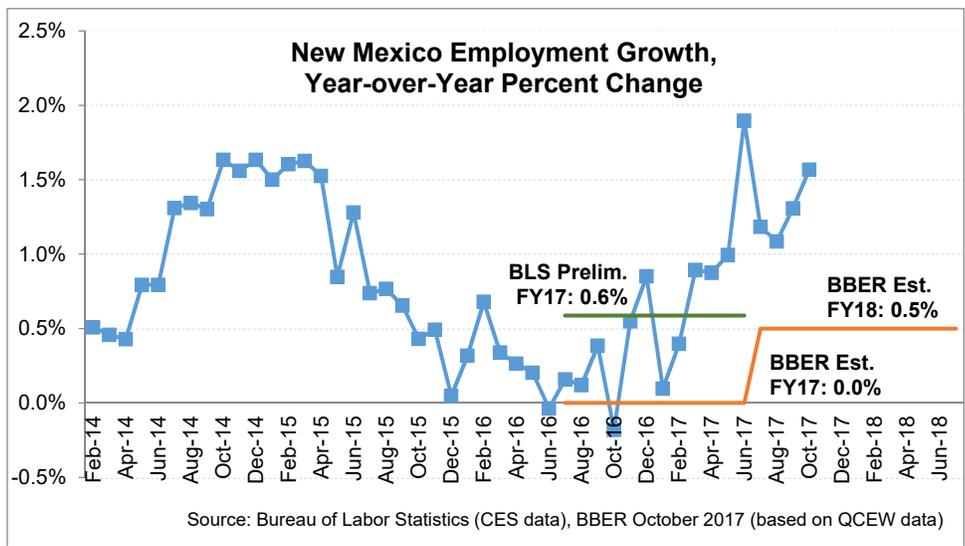
National economic growth continued at the slow-to-moderate pace seen over the last few years. There are no immediate impediments that appear to be developing, either within the United States or internationally, so the forecasts predict economic growth will continue throughout the forecast horizon.

U.S. real gross domestic product (GDP) is expected to grow about 2.6 percent in FY18 and to then hover around 2 percent in future years. While inflation has stubbornly remained below the Federal Reserve's 2 percent target since the recession, it is expected to finally reach this target in FY18, and forecasts assume around 2.5 percent inflation for FY19 through FY22. Rising inflation is expected to trigger a rise in interest rates, increasing the cost of borrowing money and reducing overall spending power.

New Mexico's real gross state product (GSP) forecast was revised up to 0.5 percent, from 0 percent in August, for FY17 following new data releases of preliminary third-quarter FY17 GSP results. University of New Mexico's Bureau

of Business and Economic Research (BBER) estimates 0.9 percent GSP growth in FY18 while Moody's Analytics projects 1.7 percent growth for the fiscal year. Projections for FY19 and beyond hover around a historically normal rate of about 2 percent.

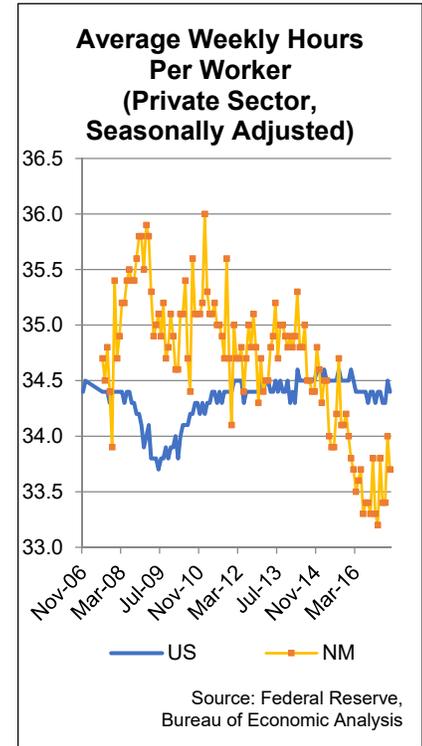
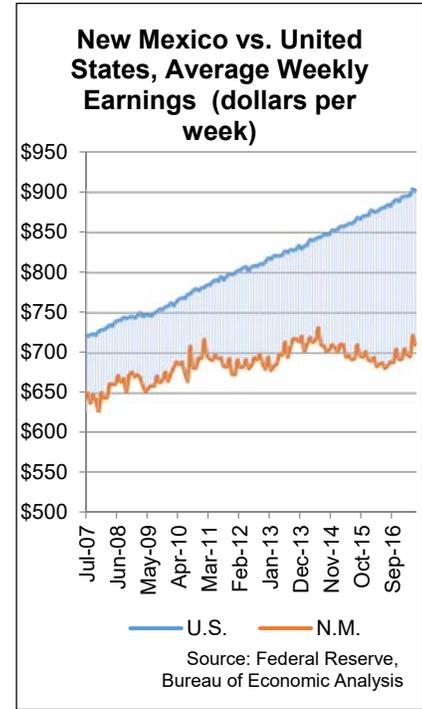
Preliminary employment data indicate growth for FY17 averaged about 0.6 percent. However, this preliminary figure reflects current employment statistics (CES) survey data released by the U.S. Bureau of Labor Statistics, which is annually benchmarked against more reliable quarterly census of employment and wages (QCEW) data. Currently, QCEW data is only available through the first quarter of calendar year 2017; however, this data does not align with the growth estimated by CES. Benchmarked CES data for 2017 will not be available until March 2018. Because of the discrepancy between CES and QCEW data, BBER's employment forecast for New Mexico relies heavily on QCEW data for its forecast, and based on this data, BBER estimated employment growth in FY17 was actually 0.0 percent and presented a modest 0.5 percent employment growth forecast for FY18. Moody's estimated 0.6 percent growth in FY17 and projects an estimate of 0.7 percent growth for FY18.



New Mexico's unemployment rate dropped to 6.1 percent in October 2017, down from the average 6.5 percent in FY17. National unemployment in October was 4.1 percent. BBER forecasted the state's unemployment rate to average 6.3 percent in FY18 and to average about 6 percent for the remaining forecast horizon. BBER projects increased growth in the healthcare, leisure and hospitality, and professional services industries from 2018 forward and moderate growth in mining, construction, and transportation and warehousing. Losses in manufacturing are expected to continue throughout the forecast period. Attachment 7 provides a chart of New Mexico's employment gains by sector based on the BBER forecast.

Average weekly earnings and average weekly hours worked picked up in FY17; however, growth rates remain well below U.S. averages. The decline in earnings and hours worked in 2015 and 2016 partially reflect losses in higher wage jobs from the oil and gas industry and manufacturing. Much of the recent job growth has been in lower wage industries, including healthcare and leisure and hospitality.

The consensus revenue estimate picks up revenue strength that has occurred since June 2017. However, economic data for FY17 indicated very low growth in



Effective GRT Rates

A recent deviation from historical GRT trends is the amount owed the general fund as a percent of MTGR, or the “effective state GRT rate.”

The state GRT rate is 5.125 percent by statute, but 1.225 percent is distributed back to municipalities for transactions occurring within their boundaries, resulting in a blended effective rate.



Despite the potential impacts that can change the effective rate, it was remarkably stable over time. There was a step change in July 2010 when the state rate was increased from 5 percent to 5.125 percent during the depth of the impacts from the Great Recession and the drop in oil prices, and there was a momentary drop in December 2012 of less than half a percent that disappeared the following month.

However, in October 2015, the pattern changed completely from a stable, predictable rate to significant swings in nearly every month that followed. This deserves study by TRD to determine what changed beginning two years ago to cause this relationship to break down.

employment, total wages and salaries, and gross state product, making it difficult for CREG to have predicted the recent and significant upturn in revenues. Current economic forecasts, which project only modest growth in these areas going forward, do not seem to match the relative strength in revenues seen in the first three months of FY18 (see Attachment 3 for current revenue tracking). These indicators do not lend credence to the continuance of a surge in revenues, and much of the recent strength is due to the rebound in the highly volatile oil and gas industry (see Attachment 11 for gross receipts in the mining industry compared to all other industries). Additionally, revenue risks as noted above, particularly if they occurred in tandem, have potential to overwhelm recent gains and deplete state reserves.

General Fund Revenue Forecast

Gross Receipts Taxes (GRT)

Gross receipts tax estimates for FY18 and FY19 are in line with the estimates from August 2017. Base GRT revenues are rising at a slightly faster pace, projected to grow \$78.6 million, or 3.6 percent, in FY18. Growth in FY19 is projected at \$58.6 million, or 2.6 percent. After accounting for 60-day money and other credits and food and medical hold harmless payments to local governments, net GRT revenues are projected to increase by \$51 million, or 2.5 percent, for a total of \$2.1 billion in FY18 and \$62.7 million, or 3 percent, for a total of \$2.1 billion in FY19.

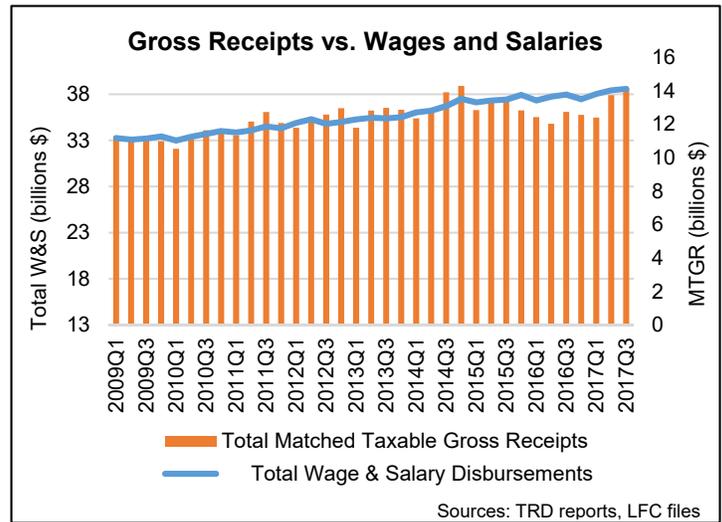
Recent GRT growth by industry (see Attachment 10) shows the mining, oil, and gas industry more than doubled the amount of gross receipts generated during the first quarter of FY18 compared with the first quarter of FY17, rising to become the fifth largest industry in the state. However, some of the activity in the construction and professional and technical services sectors (both ostensibly larger) are likely supporting the oil and gas industry, making the extractives industry even larger. Wholesale trade and transportation and warehousing are roughly tied for the second highest growth rates at just over 30 percent. Construction came in fourth with growth of 11.5 percent. Eddy and Lea counties, the second and third largest in terms of gross receipts, saw growth of 46 percent and 43.4 percent, respectively. Bernalillo County grew by 3.4 percent, and 20 of 33 counties experienced growth.

GRT revenues are negatively impacted by nontaxed internet sales. Amazon.com began collecting the state portion of GRT in April 2017 but only for direct sales by Amazon. Platform sales, where third parties sell goods through Amazon, remain completely untaxed, and these represent 70 percent of all sales through Amazon according to recent news reports. Additionally, many other online retailers sell products to New Mexicans without collecting GRT because they have no physical presence in the state. These growing losses are at least partially captured in the GRT models, but the significant growth in online shopping may create additional downside risk to the forecast in later years.

The 60-day money and other credits issue that came to light in the August 2017 forecast significantly impacted that forecast (see Attachment 14). TRD provided information the day prior to the presentation revealing \$91 million initially booked as GRT revenues should have been booked as PIT withholding but for misreporting by one or more taxpayers. After LFC staff requests, TRD researched the issue and has now explained the majority of the anomalies seen from June 2016 through May 2017. The agency is still researching remaining portions of the issue, but the work so far greatly assisted the revenue forecasting process and increased

certainty. In addition to the taxpayer misreporting, which appears to have been largely or entirely corrected, a substantial portion of the anomaly was due to taxpayer amendments and accounting adjustments related to exploitation of the health care practitioners deduction prior to a legislative fix in 2016. The fix closed a loophole suddenly opened in early 2016 by an Administrative Hearing Office decision. LFC staff continue to follow up with TRD on outstanding requests for additional data on 60-day money and other credits to determine exactly what this category encompasses and how the different components impact the general fund.

Beginning in 2015, the long-held relationship between GRT and wage and salary growth rates broke down, the growth rates diverging and matched taxable gross receipts (MTGR) experiencing far lower growth rates than the rise in wages. MTGR is one of the best tax-related indicators of underlying economic activity, and the tie to wages held throughout the Great Recession and the following recovery. LFC economists researched the divergence in the relationship, and while more research by legislative and executive economists is needed along with more recent economic data, it appears at least some of the divergence is explained by New Mexicans spending more of their paychecks on debt payments during the last two years, leaving less money available to spend on items taxable under GRT. However, in the last two quarters, MTGR growth surged, and the growth rates are once again in line with the modest increase in wages in the state. If this trend holds, this will add more certainty to future revenue forecasts than in forecasts over the last two years.

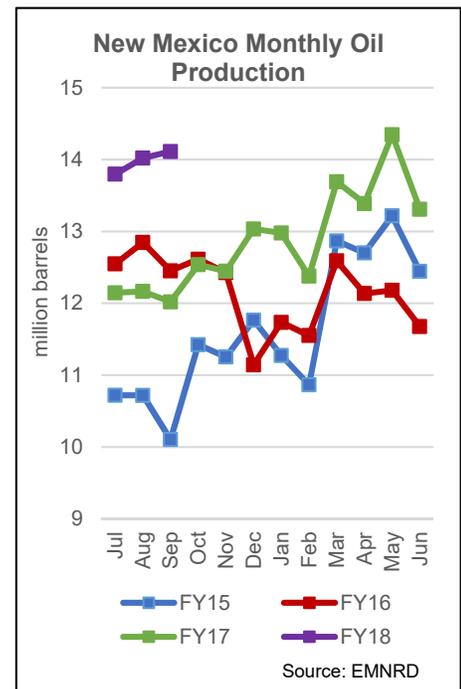


Severance Taxes

For the August 2017 revenue estimate, major forecasting agencies – including the Energy Information Administration (EIA), IHS Global Insight, and Moody’s – each revised oil price estimates downward for late 2017 and 2018 due to indicators of waning global oil demand growth, increased U.S. production adding to global oversupply, and stubbornly high global crude inventories.

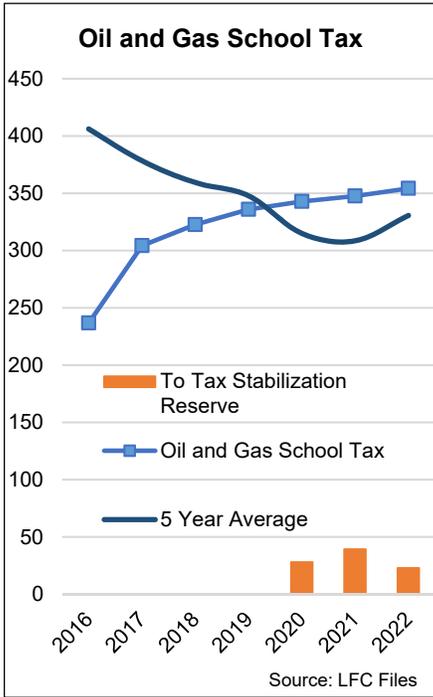
However, in the last two months, oil markets were boosted by optimism that OPEC and Russia would extend the production cut agreements beyond the current expiration date of March 2018 and that global oil supply and demand will ultimately rebalance. EIA data since August has shown a decline in U.S. inventories of crude oil and petroleum products, indicating the production cuts may be working as intended. As of late November, West Texas Intermediate (WTI) prices averaged about \$57 per barrel, and OPEC members agreed in its November 30th meeting to extend its output cut throughout the end of 2018. The rise in price expectations led the consensus group to increase expected New Mexico oil prices throughout the forecast horizon.

Baker Hughes reported an average of 65 active rigs in New Mexico so far this fiscal year, up from the 36 rigs from the same period a year ago. While it is unlikely active rigs will return to the peak levels of 102 rigs seen in December 2014, enhanced production methods and horizontal drilling techniques enable companies to sustain high levels of oil production with fewer active rigs. Oil production in the state for FY18 is already tracking above FY17 levels, and the consensus estimate projects continued growth throughout the forecast horizon. As of September 2017,



New Mexico per day oil production surpassed Oklahoma and California to become the third highest oil producing state in the country (see Attachment 9).

FY	2014	2015	2016	2017	2018	2019	2020	2021	2022
	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Oil Price (\$/bbl)	95.75	61.72	37.85	45.00	47.50	49.50	50.50	51.50	52.50
Oil Volume (MMbbls)	110	137	146.7	153	158	162	165	168	170
Natural Gas Price (\$/mcf)	5.15	3.80	2.42	3.26	3.25	3.25	3.25	3.20	3.20
Natural Gas Volume (bcf)	1,170	1,174	1,175	1,220	1,230	1,220	1,200	1,190	1,180



Despite a long pattern of gradual decline in natural gas production, natural gas production in the state increased in FY17, and data for recent months indicate potential for slightly more growth in FY18. The increase in total volumes could be due in part to the increasing amounts of associated gas produced from oil wells. However, the consensus estimate expects natural gas production will continue its downward trend in FY19 going forward. Revised natural gas prices are slightly lower than the previous forecast.

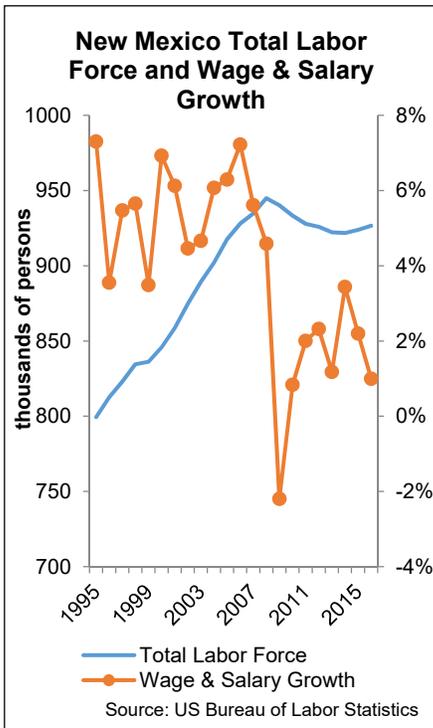
Legislation passed in the 2017 special session (Chapter 3, House Bill 2) provided for a distribution of revenue from the oil and gas emergency school tax in excess of the five-year average to flow to the tax stabilization reserve. Based on current price and production estimates, the consensus forecast projects the law's provisions will take effect in FY20, sending an estimated \$28 million to the reserve fund that fiscal year.

While New Mexico's severance taxes are largely driven by oil and gas production, other resources generate general fund revenues, including coal, copper, potash, and timber. The state received \$9.6 million from the natural resources excise tax in FY17. With two coal units from the San Juan Generating Station going offline at the end of the year, the consensus group expects some decline in this revenue source. The electric company utilizing this power station, PNM, reports half its megawatt production from coal will cease with the closing of these two units. The forecast assumes – without another market for the San Juan mined coal, which would require new transportation options – production from the San Juan mine will decline by half beginning calendar year 2018. Factoring this in, the consensus estimate projects the resources excise tax revenue will decline by about \$500 thousand by FY19. This estimate may be later revised as actual data is received on the impact to coal production in the state.

Personal Income Tax

In the December 2016 forecast, CREG anticipated growth in employment and in total wages and salaries would result in higher personal income tax (PIT) collections in FY17 than in FY16. However, by the August 2017 forecast, reported PIT collections were short of expectations, causing a downward revision in expected revenues. With data provided by TRD on the anomalies in 60-day money and other credits pointed out in the August revenue brief, we now know taxpayer misreporting caused about \$91 million in unmatched income tax withholding revenue to be booked as gross receipts tax revenue instead. This issue was corrected after the August estimate was released and is reflected in June 2017 withholding revenues.

Additionally, June withholding, final settlements, and oil and gas withholding revenues all came in stronger than expected in revenue tracking, which reflects



historical monthly patterns in revenue sources. Combined with the 60-day money correction, PIT revenues for FY17 were \$96 million greater than initially reported.

After accounting for the 60-day money adjustment, which is nonrecurring, expected growth rates in PIT collections are 1 percent in FY18 and about 2 percent going forward, on par with the forecasted growth rates in August. The lower growth rate in FY18 PIT collections reflects BBER’s and Moody’s downward revision of expected growth rates in total employment and total wages and salaries in their most recent forecasts.

Corporate Income Tax

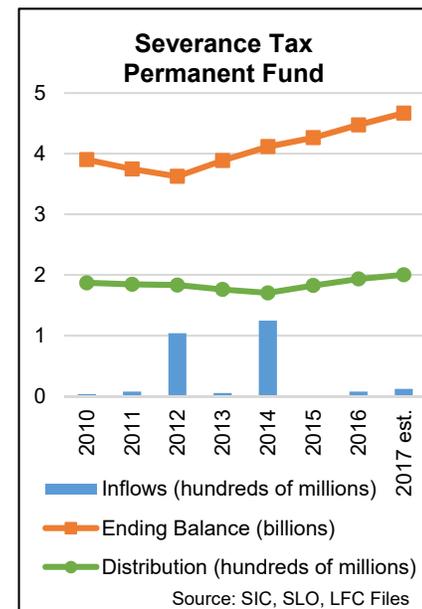
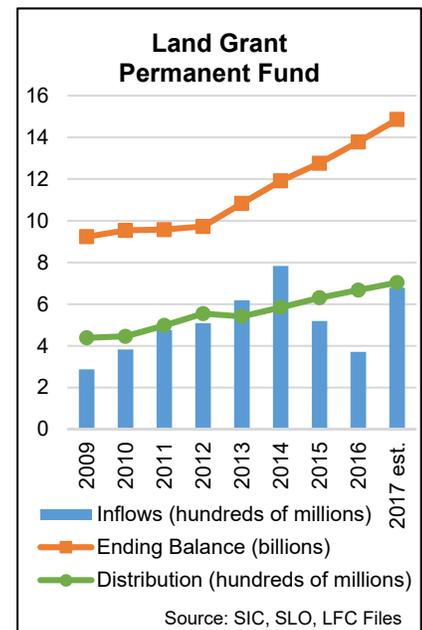
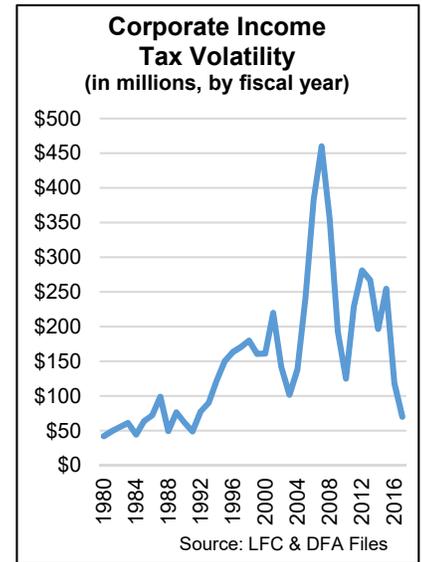
Corporate income tax (CIT) revenues are highly volatile for most states and one of the most difficult revenue sources to forecast. Data available for the August forecast showed year-to-date CIT revenue through June 2017 (before considering any end-of-year adjustments) at just \$40.7 million. However, a significant amount of previously unmatched funds was later matched to the CIT program, combining with accrual adjustments to bring FY17 final revenues to \$70.2 million. This is still well below FY16 revenues of \$118.5 million and the average \$240 million received annually between FY13 and FY15.

Some of the revenue shortfall is due to the effects of House Bill 641 (Laws 2013, Ch. 160), which made several changes to the corporate income tax code. However, as discussed in LFC’s August revenue brief, recent actual revenue declines cannot be fully explained by the impact of this bill alone. Other possible explanations for the dramatic losses in CIT revenues include declines in corporate profitability following losses in the oil and gas sector and changes in taxpayer behavior, particularly regarding quarterly overpayments. Due to the natural volatility in the corporate income tax base, the complex relationship between tax years and fiscal year revenue collections, and the uncertainty and underlying subjectivity regarding overpayments, it is difficult to project CIT collections into the future. With this in mind, and after accounting for the end-of-year adjustments to CIT revenues in FY17, CREG estimates modest growth in CIT revenues but at levels significantly below historical averages.

Investment Earnings

The stock market has performed exceptionally well in 2017 so far, leading to high expected returns for the calendar year. FY19 distributions from the permanent funds to the general fund are based on a five-year average for 2013 through 2017, and with the added strength of market returns, the distribution estimates were revised upward to \$630.8 million from the land grant permanent fund (LGPF) and \$219.5 million from the severance tax permanent fund (STPF), a total increase of about \$5 million from the August forecast. The estimate assumes annual returns in 2018 and beyond in line with the State Investment Council’s annual return targets of 7 percent for LGPF and 6.75 percent for STPF. The distribution rate to the general fund for LGPF and STPF remain 5 percent and 4.7 percent, respectively.

Required accounting adjustments caused investment earnings on assets held by the State Treasurer’s Office (STO) to turn negative in FY17, pulling \$3.2 million out of the general fund. The assets’ earnings will still be positive if carried to maturity, but because they lost market value, “mark-to-market” adjustments caused the book value to decline. This happened largely because of interest rate increases during the year causing STO’s fixed-rate investments to lose market value. To ensure solvency during the recent fiscal crisis, the agency transferred a significant amount



FY17 Revenues from Solvency Legislation

2016 Regular Session

- House Bill 311 (Ch. 12) – \$75 million in swept various cash balances to general fund

2016 Special Session

- Senate Bill 2 (Ch. 4) – transferred \$109 million from the tobacco settlement permanent fund and swept \$93 million from various funds

- Senate Bill 6 (Ch. 3) – generated \$10.3 million by changing provisions of a healthcare deduction, closing loopholes on the high-wage jobs tax credit, and reducing the monthly distribution to the legislative retirement fund

- Senate Bill 7 (Ch. 1) – generated \$4.8 million by reducing distributions to the Retiree Health Care Act fund and the fire protection grant fund

- Senate Bill 8 (Ch. 5) – generated \$103.2 million in capital expenditure reversions to the general fund

- Senate Bill 9 (Ch. 6) – generated \$27.9 million in reversions to the general fund from the Public Education Department

2017 Regular Session

- House Bill 4 (Ch. 1) – generated \$89 million by advancing by one year reversions from the insurance operations fund, fire protection fund, and law enforcement protection fund and suspending distributions to the fire protection grant fund

- Senate Bill 113 (Ch. 2) – generated \$55.2 million in various cash balance reversions to the general fund

- Senate Bill 114 (Ch. 3) - generated \$40.8 million in reversions to the general fund from the Public Education Department

2017 Special Session

- Senate Bill 1 (Ch. 1) – generated \$90.1 million in swaps of capital outlay for general fund revenue and sweeps of balances in certain funds into the general fund

of funds from its core investment pool to its lower-yield liquidity accounts. However, with total general fund balances up 48 percent year-over-year at the end of October 2017 and crossing the \$2 billion mark for the first time since July 2015, STO plans to move funds back into the higher-earning core accounts. Projected additional interest rate increases over the next year will continue to impact general fund earnings due to the “mark-to-market” adjustments, but after that earnings should begin to increase at a rapid pace.

Insurance Premium Tax

The forecast for insurance revenues fell slightly from the August 2017 forecast due to a recent slowdown in the growth of insured populations and industry concerns that insured numbers may begin to fall beginning in 2018. Obviously, any potential changes to health insurance at the federal level create an enormous downside risk for the state in terms of premium tax revenue and direct jobs, in addition to indirect revenue and employment effects. There is an upside revenue risk from assessments sent out by the Office of Superintendent of Insurance for payments due resulting from a special audit, which reported the state’s insurance companies underpaid their premium taxes by about \$65 million from 2003 to 2016. It is unclear at this point whether the insurance companies will agree and send in payments or contest the issue in court. However, Presbyterian reached a settlement agreement with the Attorney General’s Office for part of the money at issue, and the company will pay the state \$18.5 million, assumed in the revenue estimate to be received in FY18 as nonrecurring revenue.

Gaming Excise and Tribal Revenue Sharing

The forecast for gaming revenues is higher than in the August 2017 forecast, as racing casino payments inched up. The forecast remains relatively flat year-to-year after declines of millions of dollars over the last few years. Tribal revenue sharing payments are projected to increase slightly each year, with additional bumps in FY18 and FY19 due to the resumption of payments by Pojoaque after a hiatus of more than two years. When Pojoaque’s last revenue sharing compact expired, the tribe insisted it could form a compact with the federal government rather than with New Mexico. Federal courts recently sided with the state and proclaimed the tribe must sign a compact with New Mexico. Pojoaque finally joined the other tribes with casinos and signed the 2015 compact, with a “deemed approved” date from the federal government of October 26, 2017. Going forward, the tribe will once again make revenue sharing payments of roughly \$5 million annually. However, the court did not rule on the amounts the tribe placed in escrow over the last two years, about \$10.5 million, leaving in question whether the state will receive those funds. There is no update since August as to any action the executive branch is or is not taking to ensure the state is paid the amount in escrow.

Rents and Royalties

Revenues for oil and gas bonuses on state lands are markedly high so far this fiscal year, reaching \$57 million through October 2017. The State Land Office (SLO) stated the switch to online land sales contributed the most to the strength in SLO revenue activity in the last year. Based on this strength, CREG increased its expectation for FY18 revenues by \$7.4 million to total an estimated \$76 million for the general fund. Estimates for future fiscal years were also revised up by about \$6 million each year to account for continued use of an online platform for land sales and expectations that the Permian basin in southeast New Mexico will remain a desirable location for shale oil and gas production.

Estimates for federal mineral leasing (FML) payments were revised upward due to rising oil and gas prices and updated production expectations. Additionally, the Bureau of Land Management (BLM) announced another large lease sale in FY18, counter to expectations that lease sale revenues would revert back to historical averages. The state's share of this revenue should be about \$64 million; however, the sale is currently under environmental protest. When the FY17 lease sale was under protest, the payment to New Mexico, which is typically distributed around October, was significantly delayed. Following a letter from LFC, payment was finally issued in May. New Mexico has not yet received payment for the FY18 sale. Depending on the outcome of the protest, it is possible that the lease sale payment could be reduced.

Excise Taxes

Motor Vehicles. The motor vehicles excise (MVX) is expected to generate about \$150 million in general fund revenue in FY18, and sales are expected to grow at a slowing rate throughout the forecast horizon.

Liquor. At the beginning of FY18, the 39 percent distribution to the lottery tuition scholarship fund that occurred in FY16 and FY17 expired, with funds reverting back to the general fund. The change in distribution means the general fund will receive about \$24 million in FY18, up from \$7.4 million in FY17. Beginning in FY19, the DWI grant fund distribution, currently at 46 percent, will revert back to the previous distribution of 41.5 percent, resulting in an increased general fund distribution of about \$2 million in FY19 and beyond.

Cigarettes and Tobacco Products. As part of the solvency efforts in the 2017 regular session, House Bill 8 (Laws 2017, Ch. 34) eliminated a distribution of the cigarette tax to the New Mexico Finance Authority, which was allocated for the payment of bonds. This results in about a \$1 million recurring increase in general fund revenue from the cigarette excise tax. Cigarette sales declined about half a percent in FY17, while tobacco products sales increased nearly 5 percent. Combined, these two revenue sources generated about \$78 million in general fund revenue in FY17. Revenues in FY18 are expected to increase slightly due to the provisions of HB8 but are expected to gradually decline in future years as a result of the long trend of decline in cigarette sales.

Nonrecurring Revenue

The state occasionally receives nonrecurring revenues as a result of legislation, one-time payments from taxpayers that are shown as nonrecurring to avoid interfering with recurring revenue history, or certain revenues that more accurately belonged to a prior time period. These are usually small amounts, but nonrecurring revenues totaled \$575.7 million in FY17 due to significant solvency efforts by the Legislature in the 2016 and 2017 regular and special sessions. It is remarkable the solvency efforts were entirely realized. Without these revenues, even with the strong increase in recurring revenues over the last several months, the state would have violated the law by ending FY17 with negative reserves. A small portion of solvency revenues are expected in FY18; combined with the recent Presbyterian settlement, nonrecurring revenues are projected to total \$37.2 million in FY18.

Cautious Optimism

Projected ending reserves of 9 percent in FY18 and increased revenue projections for FY19 lead to a sense of optimism.

However, caution is needed not just because of the revenue risks but also because of spending needs.

As part of solvency efforts, general fund revenues were swapped for fund balances or other revenues in agency operating budgets, but many of these measures cannot continue indefinitely.

Many agencies now have depleted fund balances and need increased general fund appropriations in FY19 to cover existing operational costs. In budget requests for FY19, agencies asked for \$109 million from the general fund to close these projected funding gaps (see Appendix 2).

General Fund Consensus Revenue Estimate December 2017

Attachment 1

Revenue Source	FY17				FY18				FY19							
	Aug 2017 Est.	Dec 2017 Prelim. Actual	Change from Prior	% Change from FY16	Aug 2017 Est.	Dec 2017 Est.	Change from Prior	% Change from FY17	Aug 2017 Est.	Dec 2017 Est.	Change from Prior	% Change from FY18	Aug 2017 Est.	Dec 2017 Est.	Change from Prior	% Change from FY18
Base Gross Receipts Tax	2,122.0	2,169.2	47.2	-0.6%	2,241.7	2,247.8	6.1	3.6%	2,241.7	2,247.8	6.1	3.6%	2,289.5	2,306.4	16.9	2.6%
60-Day Money & Other Credits	19.7	(33.0)	(52.7)	n/a	(50.0)	(53.9)	(3.9)	63.3%	(50.0)	(53.9)	(3.9)	63.3%	(50.0)	(53.9)	(3.9)	0.0%
F&M Hold Harmless Payments	(121.7)	(122.7)	(1.0)	-0.9%	(118.8)	(129.4)	(10.6)	5.5%	(118.8)	(129.4)	(10.6)	5.5%	(115.2)	(125.3)	(10.1)	-3.2%
NET Gross Receipts Tax	2,020.0	2,013.5	(6.5)	1.9%	2,072.9	2,064.5	(8.4)	2.5%	2,072.9	2,064.5	(8.4)	2.5%	2,124.3	2,127.2	2.9	3.0%
Compensating Tax	48.0	48.5	0.6	3.5%	52.8	53.5	0.8	10.2%	52.8	53.5	0.8	10.2%	54.1	57.8	3.7	8.0%
TOTAL GENERAL SALES	2,068.0	2,062.1	(5.9)	2.0%	2,125.7	2,118.0	(7.7)	2.7%	2,125.7	2,118.0	(7.7)	2.7%	2,178.4	2,185.0	6.6	3.2%
Tobacco Taxes	78.3	77.9	(0.4)	-2.4%	76.9	79.4	2.5	1.9%	76.9	79.4	2.5	1.9%	75.1	77.8	2.7	-2.0%
Liquor Excise	6.4	7.4	1.0	9.6%	24.6	23.5	(1.1)	218.4%	24.6	23.5	(1.1)	218.4%	26.5	25.3	(1.2)	7.7%
Insurance Taxes	227.0	227.5	0.5	9.4%	235.1	232.4	(2.7)	2.2%	235.1	232.4	(2.7)	2.2%	246.2	242.3	(3.9)	4.3%
Fire Protection Fund Reversion	15.9	18.7	2.8	23.9%	16.4	17.8	1.4	-4.7%	16.4	17.8	1.4	-4.7%	16.8	18.3	1.5	2.8%
Motor Vehicle Excise	144.7	145.2	0.5	-3.4%	151.3	150.3	(1.0)	3.5%	151.3	150.3	(1.0)	3.5%	155.9	155.1	(0.8)	3.2%
Gaming Excise	59.2	59.5	0.3	-5.6%	59.2	62.5	3.3	5.0%	59.2	62.5	3.3	5.0%	58.4	63.2	4.8	1.1%
Leased Vehicle & Other	7.5	7.3	(0.2)	-14.7%	7.7	7.6	(0.1)	4.8%	7.7	7.6	(0.1)	4.8%	7.7	7.7	-	1.3%
TOTAL SELECTIVE SALES	539.0	543.4	4.5	1.2%	571.2	573.5	2.3	5.5%	571.2	573.5	2.3	5.5%	586.6	589.7	3.1	2.8%
Personal Income Tax	1,285.0	1,380.7	95.7	4.0%	1,310.1	1,381.1	71.0	0.0%	1,310.1	1,381.1	71.0	0.0%	1,325.8	1,408.8	83.0	2.0%
Corporate Income Tax	50.0	70.2	20.2	-40.8%	70.0	105.0	35.0	49.7%	70.0	105.0	35.0	49.7%	74.2	110.0	35.8	4.8%
TOTAL INCOME TAXES	1,335.0	1,450.8	115.8	0.4%	1,380.1	1,486.1	106.0	2.4%	1,380.1	1,486.1	106.0	2.4%	1,400.0	1,518.8	118.8	2.2%
Oil and Gas School Tax	302.9	304.3	1.3	28.5%	305.3	322.6	17.3	6.0%	305.3	322.6	17.3	6.0%	309.4	336.0	26.6	4.2%
Oil Conservation Tax	15.6	17.4	1.7	52.7%	15.8	16.7	0.9	-3.9%	15.8	16.7	0.9	-3.9%	16.0	17.4	1.4	4.2%
Resources Excise Tax	9.7	9.6	(0.1)	-13.9%	10.0	9.3	(0.7)	-3.6%	10.0	9.3	(0.7)	-3.6%	10.0	9.0	(1.0)	-3.2%
Natural Gas Processors Tax	10.3	10.3	0.0	-49.3%	10.0	10.2	0.2	-1.1%	10.0	10.2	0.2	-1.1%	16.5	12.6	(3.9)	23.5%
TOTAL SEVERANCE TAXES	338.6	341.6	3.0	22.1%	341.1	358.8	17.7	5.0%	341.1	358.8	17.7	5.0%	351.9	375.0	23.1	4.5%
LICENSE FEES	55.1	53.3	(1.8)	-2.7%	56.0	54.2	(1.8)	1.6%	56.0	54.2	(1.8)	1.6%	57.1	55.4	(1.7)	2.2%
LGPF Interest	541.2	541.6	0.3	-2.4%	584.8	584.9	0.1	8.0%	584.8	584.9	0.1	8.0%	626.2	630.8	4.6	7.8%
STO Interest	(3.3)	(3.2)	0.1	n/a	11.7	-	(11.7)	n/a	11.7	-	(11.7)	n/a	22.3	8.4	(13.9)	n/a
STPP Interest	200.4	200.4	0.0	3.6%	210.4	210.4	-	5.0%	210.4	210.4	-	5.0%	218.6	219.5	0.9	4.3%
TOTAL INTEREST	738.3	738.3	-	-4.1%	806.9	795.3	(11.6)	7.7%	806.9	795.3	(11.6)	7.7%	867.1	858.7	(8.4)	8.0%
Federal Mineral Leasing	435.7	435.7	-	11.7%	429.4	473.2	43.8	8.6%	429.4	473.2	43.8	8.6%	431.5	472.9	41.4	-0.1%
State Land Office	71.5	71.5	(0.0)	49.5%	68.8	76.2	7.4	6.6%	68.8	76.2	7.4	6.6%	55.0	60.6	5.6	-20.5%
TOTAL RENTS & ROYALTIES	507.2	507.2	(0.0)	15.8%	498.2	549.4	51.2	8.3%	498.2	549.4	51.2	8.3%	486.5	533.5	47.0	-2.9%
TRIBAL REVENUE SHARING	61.4	62.7	1.3	-2.6%	65.5	64.8	(0.7)	3.3%	65.5	64.8	(0.7)	3.3%	73.5	73.1	(0.4)	12.8%
MISCELLANEOUS RECEIPTS	55.3	49.5	(5.9)	2.9%	53.9	50.7	(3.2)	2.5%	53.9	50.7	(3.2)	2.5%	56.2	52.1	(4.1)	2.8%
REVERSIONS	42.9	76.5	33.6	35.7%	42.5	40.0	(2.5)	-47.7%	42.5	40.0	(2.5)	-47.7%	50.0	40.0	(10.0)	0.0%
TOTAL RECURRING	5,740.7	5,885.4	1,447	3.0%	5,941.1	6,090.7	149.6	3.5%	5,941.1	6,090.7	149.6	3.5%	6,107.3	6,281.3	174.0	3.1%
TOTAL NONRECURRING	570.5	575.7	5.2	n/a	18.7	37.2	18.5	-93.5%	18.7	37.2	18.5	-93.5%	-	-	-	-100.0%
GRAND TOTAL	6,311.2	6,461.1	149.9	13.0%	6,311.2	6,461.1	149.9	13.0%	6,311.2	6,461.1	149.9	13.0%	6,107.3	6,281.3	174.0	2.5%

Note: Columns in blue show difference between December 2017 Consensus Revenue Estimate and August 2017 Consensus Revenue Estimate
 Note: Columns in red show year-over-year growth expected in current December 2017 Consensus Revenue Estimate

General Fund Consensus Revenue Estimate December 2017

Revenue Source	FY20				FY21				FY22							
	Aug 2017 Est.	Dec 2017 Est.	Change from Prior	% Change from FY19	Aug 2017 Est.	Dec 2017 Est.	Change from Prior	% Change from FY20	Aug 2017 Est.	Dec 2017 Est.	Change from Prior	% Change from FY21	Aug 2017 Est.	Dec 2017 Est.	Change from Prior	% Change from FY21
Base Gross Receipts Tax	2,369.0	2,403.2	34.2	4.2%	2,405.4	2,431.4	26.0	1.2%	2,485.5	2,505.6	20.1	3.1%	2,485.5	2,505.6	20.1	3.1%
60-Day Money & Other Credits	(50.0)	(53.9)	(3.9)	0.0%	(50.0)	(53.9)	(3.9)	0.0%	(50.0)	(53.9)	(3.9)	0.0%	(50.0)	(53.9)	(3.9)	0.0%
F&M Hold Harmless Payments	(111.4)	(121.2)	(9.8)	-3.3%	(106.7)	(107.2)	(0.5)	-11.6%	(101.4)	(100.9)	0.5	-5.9%	(101.4)	(100.9)	0.5	-5.9%
NFT Gross Receipts Tax	2,207.6	2,228.1	20.5	4.7%	2,248.7	2,270.3	21.6	1.9%	2,334.1	2,350.8	16.7	3.5%	2,334.1	2,350.8	16.7	3.5%
Compensating Tax	55.4	61.3	5.9	6.1%	56.8	63.7	6.9	3.9%	58.2	65.0	6.8	2.0%	58.2	65.0	6.8	2.0%
TOTAL GENERAL SALES	2,263.1	2,289.4	26.3	4.8%	2,305.5	2,334.0	28.5	1.9%	2,392.3	2,415.8	23.5	3.5%	2,392.3	2,415.8	23.5	3.5%
Tobacco Taxes	73.2	76.4	3.2	-1.8%	71.4	75.1	3.7	-1.7%	69.5	73.8	4.3	-1.7%	69.5	73.8	4.3	-1.7%
Liquor Excise	26.7	25.2	(1.5)	-0.4%	26.7	25.1	(1.6)	-0.4%	26.9	24.9	(2.0)	-0.8%	26.9	24.9	(2.0)	-0.8%
Insurance Taxes	258.8	253.2	(5.6)	4.5%	279.1	263.9	(15.2)	4.2%	295.9	275.5	(20.4)	4.4%	295.9	275.5	(20.4)	4.4%
Fire Protection Fund Reversion	17.3	18.9	1.6	3.0%	17.7	19.4	1.7	2.7%	18.2	19.9	1.7	2.8%	18.2	19.9	1.7	2.8%
Motor Vehicle Excise	160.4	159.0	(1.4)	2.5%	164.9	161.8	(3.1)	1.8%	168.9	164.9	(4.0)	1.9%	168.9	164.9	(4.0)	1.9%
Gaming Excise	57.3	63.4	6.1	0.3%	56.3	64.0	7.7	0.9%	55.4	64.6	9.2	0.9%	55.4	64.6	9.2	0.9%
Leased Vehicle & Other	7.7	7.7	-	0.0%	7.7	7.7	-	0.0%	15.4	15.4	-	100.0%	15.4	15.4	-	100.0%
TOTAL SELECTIVE SALES	601.4	603.8	2.4	2.4%	623.8	617.0	(6.9)	2.2%	650.2	639.0	(11.2)	3.6%	650.2	639.0	(11.2)	3.6%
Personal Income Tax	1,356.3	1,434.7	78.4	1.8%	1,400.3	1,462.7	62.3	2.0%	1,442.4	1,484.7	42.3	1.5%	1,442.4	1,484.7	42.3	1.5%
Corporate Income Tax	82.4	115.0	32.6	4.5%	83.2	120.0	36.8	4.3%	84.8	125.0	40.2	4.2%	84.8	125.0	40.2	4.2%
TOTAL INCOME TAXES	1,438.6	1,549.7	111.0	2.0%	1,483.5	1,582.7	99.1	2.1%	1,527.2	1,609.7	82.4	1.7%	1,527.2	1,609.7	82.4	1.7%
Oil and Gas School Tax	316.1	315.0	(1.1)	-6.3%	324.5	308.5	(16.0)	-2.1%	337.6	331.5	(6.1)	7.5%	337.6	331.5	(6.1)	7.5%
Oil Conservation Tax	16.4	17.8	1.4	2.3%	16.9	18.1	1.2	1.7%	17.6	18.5	0.9	2.2%	17.6	18.5	0.9	2.2%
Resources Excise Tax	10.0	9.0	(1.0)	0.0%	10.0	9.0	(1.0)	0.0%	10.0	9.0	(1.0)	0.0%	10.0	9.0	(1.0)	0.0%
Natural Gas Processors Tax	17.5	12.2	(5.3)	-3.2%	17.0	12.0	(5.0)	-1.6%	16.7	11.8	(4.9)	-1.7%	16.7	11.8	(4.9)	-1.7%
TOTAL SEVERANCE TAXES	360.0	354.0	(6.0)	-5.6%	368.4	347.6	(20.8)	-1.8%	381.9	370.8	(11.1)	6.7%	381.9	370.8	(11.1)	6.7%
LICENSE FEES	58.4	56.7	(1.7)	2.3%	59.9	58.2	(1.7)	2.6%	61.6	60.0	(1.6)	3.1%	61.6	60.0	(1.6)	3.1%
LGPF Interest	658.6	668.0	9.4	5.9%	689.1	703.6	14.5	5.3%	728.3	748.1	19.8	6.3%	728.3	748.1	19.8	6.3%
STO Interest	34.6	29.2	(5.4)	247.6%	43.0	41.3	(1.7)	41.4%	50.6	50.1	(0.5)	21.3%	50.6	50.1	(0.5)	21.3%
STPF Interest	224.0	225.8	1.8	2.9%	228.3	231.1	2.8	2.3%	235.4	239.2	3.8	3.5%	235.4	239.2	3.8	3.5%
TOTAL INTEREST	917.2	923.0	5.8	7.5%	960.4	976.0	15.6	5.7%	1,014.3	1,037.4	23.1	6.3%	1,014.3	1,037.4	23.1	6.3%
Federal Mineral Leasing	436.8	480.3	43.5	1.6%	445.0	485.0	40.0	1.0%	458.6	490.0	31.4	1.0%	458.6	490.0	31.4	1.0%
State Land Office	55.1	61.8	6.7	2.0%	55.2	62.0	6.8	0.3%	55.5	62.2	6.7	0.3%	55.5	62.2	6.7	0.3%
TOTAL RENTS & ROYALTIES	491.9	542.1	50.2	1.6%	500.2	547.0	46.8	0.9%	514.1	552.2	38.1	1.0%	514.1	552.2	38.1	1.0%
TRIBAL REVENUE SHARING	75.1	74.7	(0.4)	2.2%	76.7	76.3	(0.4)	2.1%	78.7	78.0	(0.7)	2.2%	78.7	78.0	(0.7)	2.2%
MISCELLANEOUS RECEIPTS	58.7	56.3	(2.4)	8.1%	62.2	59.3	(2.9)	5.3%	65.7	60.6	(5.1)	2.2%	65.7	60.6	(5.1)	2.2%
REVERSIONS	50.0	40.0	(10.0)	0.0%	50.0	40.0	(10.0)	0.0%	50.0	40.0	(10.0)	0.0%	50.0	40.0	(10.0)	0.0%
TOTAL RECURRING	6,314.4	6,489.6	175.2	3.3%	6,490.7	6,638.0	147.3	2.3%	6,736.1	6,863.5	127.4	3.4%	6,736.1	6,863.5	127.4	3.4%
TOTAL NONRECURRING	-	-	-	#DIV/0!												
GRAND TOTAL	6,314.4	6,489.6	175.2	3.3%	6,490.7	6,638.0	147.3	2.3%	6,736.1	6,863.5	127.4	3.4%	6,736.1	6,863.5	127.4	3.4%

**General Fund Financial Summary:
December 2017 Consensus Revenue Forecast**
(millions of dollars)

December 1, 2017	Prelim. FY2017	Estimate FY2018	Estimate FY2019
APPROPRIATION ACCOUNT			
REVENUE			
Recurring Revenue			
December 2017 Consensus Revenue Forecast	\$ 5,885.4	\$ 6,090.7	\$ 6,281.3
Total Recurring Revenue	\$ 5,885.4	\$ 6,090.7	\$ 6,281.3
Nonrecurring Revenue			
2016 & 2017 Regular & Special Sessions Nonrecurring Revenue Legislation ^{1,2,4}	\$ 566.2	\$ 18.7	
Other Nonrecurring Revenue	\$ 9.5	\$ 18.5	
Total Nonrecurring Revenue	\$ 575.7	\$ 37.2	\$ -
TOTAL REVENUE	\$ 6,461.1	\$ 6,127.9	\$ 6,281.3
APPROPRIATIONS			
Recurring Appropriations			
2016 Legislation and Feed Bill	\$ 6,228.1		"New Money" is \$199 million, or 3.3%
2016 Special Session Recurring Appropriation Reductions ^{4,5}	\$ (133.9)		
2017 Regular & Special Session Legislation & Feed Bill	\$ 9.5	\$ 6,082.2	
Total Recurring Appropriations	\$ 6,103.6	\$ 6,082.2	
Nonrecurring Appropriations			
2016 Legislation & Prior Year Appropriations ⁶	\$ 0.4		
2016 Special Session Nonrecurring Appropriations ^{3,5}	\$ 2.5		
2017 Regular & Special Session Nonrecurring Appropriations	\$ 23.2	\$ -	
Total Nonrecurring Appropriations	\$ 26.1	\$ -	
TOTAL APPROPRIATIONS	\$ 6,129.7	\$ 6,082.2	
Transfer to (from) Reserves	\$ 331.4	\$ 45.7	
GENERAL FUND RESERVES			
Beginning Balances	\$ 147.7	\$ 504.9	
Transfers from (to) Appropriations Account	\$ 331.4	\$ 45.7	
Revenue and Reversions	\$ 78.0	\$ 56.5	
Appropriations, Expenditures and Transfers Out	\$ (52.2)	\$ (57.0)	
Ending Balances	\$ 504.9	\$ 550.2	
Reserves as a Percent of Recurring Appropriations	8.3%	9.0%	

Notes:

1) Laws 2016, Chapter 12 (HB311)

2) Laws 2016, Second Special Session, Chapter 4 (SB2) - \$96.5 million original estimate for general fund sweeps and transfers minus \$1.7 million in failed DCA AIPP sweep and minus \$1.5 million in failed HED sweep for adjusted total of \$93.3 million

3) Laws 2016, Second Special Session, Chapter 3 (SB6) - revenue package

4) Laws 2016, Second Special Session, Chapter 5 (SB8) - \$89.8 million in capital outlay sweeps (DFA may book \$56.2 million as appropriation reductions)

5) Laws 2016, Second Special Session, Chapter 6 (SB9) - appropriation reductions, not including the \$22 million vetoed from the reduction to PED's special appropriations, not including \$20 million of the \$30 million reduced appropriation for PED for transportation and instructional materials that DFA booked as nonrecurring revenue/reversion

6) Adjusted for FY16 audit

**General Fund Financial Summary:
December 2017 Consensus Revenue Forecast
RESERVE DETAIL
(millions of dollars)**

December 1, 2017	Prelim. FY2017	Estimate FY2018	Estimate FY2019
OPERATING RESERVE			
Beginning Balance	\$ 2.0	\$ 331.4	\$ 375.1
BOF Emergency Appropriations/Reversions	\$ (2.0)	\$ (2.0)	\$ (2.0)
Transfers from/to Appropriation Account	\$ 331.4	\$ 45.7	\$ -
Transfer from (to) ACF/Other Appropriations	\$ -	\$ -	\$ -
Transfer from Tax Stabilization Reserve	\$ -	\$ -	\$ -
Ending Balance	\$ 331.4	\$ 375.1	\$ 373.1
APPROPRIATION CONTINGENCY FUND			
Beginning Balance	\$ 34.4	\$ 25.7	\$ 17.7
Disaster Allotments	\$ (13.0)	\$ (16.0)	\$ (16.0)
Other Appropriations	\$ (0.3)	\$ -	\$ -
Transfers In	\$ -	\$ -	\$ -
Revenue and Reversions	\$ 4.6	\$ 8.0	\$ 8.0
Ending Balance	\$ 25.7	\$ 17.7	\$ 9.7
STATE SUPPORT FUND			
Beginning Balance	\$ 1.0	\$ 1.0	\$ 1.0
Revenues	\$ -	\$ -	\$ -
Appropriations	\$ -	\$ -	\$ -
Ending Balance	\$ 1.0	\$ 1.0	\$ 1.0
TOBACCO PERMANENT FUND			
Beginning Balance	\$ 110.4	\$ 146.8	\$ 156.3
Transfers In	\$ 54.3	\$ 39.0	\$ 36.0
Appropriation to Tobacco Settlement Program Fund ³	\$ (18.5)	\$ (19.5)	\$ (18.0)
Gains/Losses	\$ 19.2	\$ 9.5	\$ 10.2
Additional Transfers from TSPF ³	\$ (18.5)	\$ (19.5)	\$ (18.0)
Transfer to General Fund Appropriation Account ²	\$ -	\$ -	\$ -
Ending Balance	\$ 146.8	\$ 156.3	\$ 166.5
TAX STABILIZATION RESERVE			
Beginning Balance	\$ -	\$ -	\$ -
Transfers In	\$ -	\$ -	\$ -
Transfer Out to Operating Reserve	\$ -	\$ -	\$ -
Ending Balance	\$ -	\$ -	\$ -
GENERAL FUND ENDING BALANCES	\$ 504.9	\$ 550.2	
<i>Percent of Recurring Appropriations</i>	<i>8.3%</i>	<i>9.0%</i>	

Notes:

1) Laws 2016, Chapter 12 (HB311)

2) Laws 2016, Second Special Session, Chapter 4 (SB2) - \$96.5 million original estimate for general fund sweeps and transfers minus \$1.7 million in failed DCA AIPP sweep and minus \$1.5 million in failed HED sweep for adjusted total of \$93.3 million

3) Due to a projected windfall, the tobacco settlement program fund is projected to have an ending FY17 balance of \$11 million after appropriations, requiring language to revert the excess distribution back to the tobacco settlement permanent fund

FISCAL YEAR 2018 GENERAL FUND MONTHLY REVENUE TRACKING

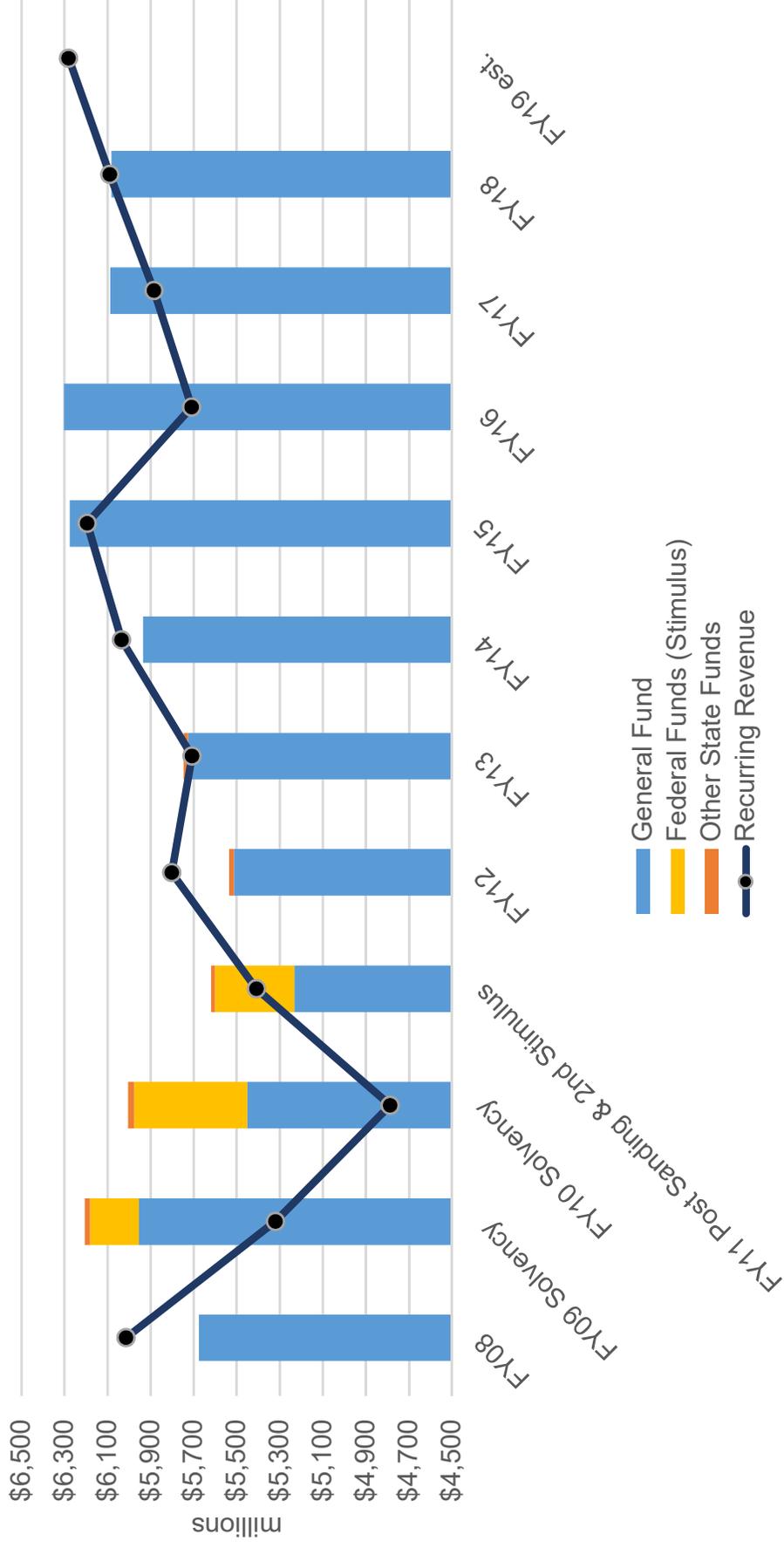
(dollars in millions; italics indicate preliminary actual revenue; bold indicates actual revenue)

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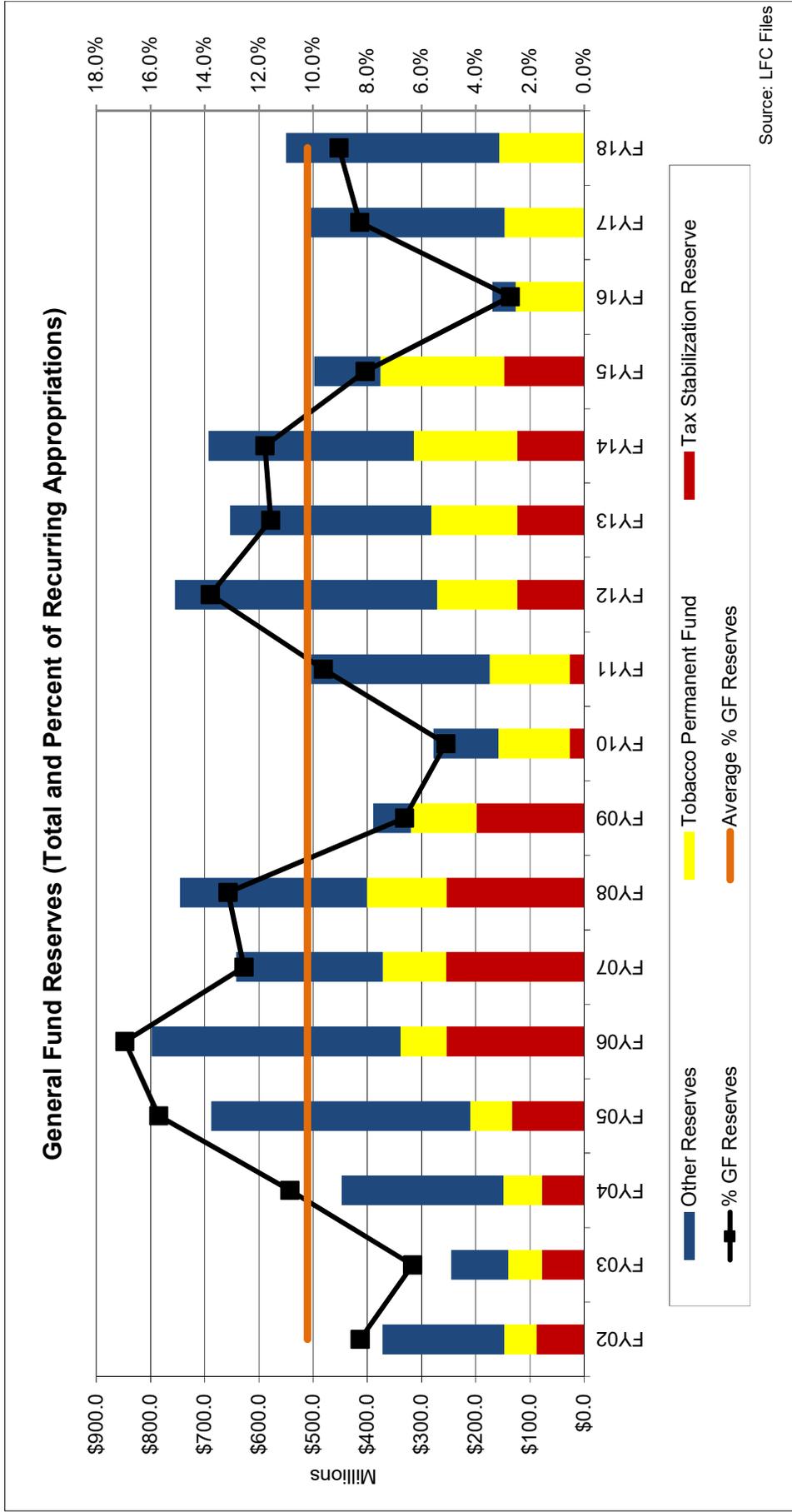
	ESTIMATED REVENUE ACCRUALS												FY18 Actual + Estimate	TRACKING CHANGE (Δ)		
	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June		FY18 Aug. Forecast	YTD %Δ	YTD \$Δ
	Actual	Actual	Prelim.	Est.	Est.	Est.	Est.	Est.	Est.	Est.	Est.	Est.				
Gross Receipts Tax	189.5	195.6	200.9	173.7	174.0	192.6	164.8	157.9	163.6	176.1	165.3	197.9	2,152.1	2,072.9	3.8%	79.2
Compensating Tax	4.5	4.9	6.7	5.1	3.9	4.5	4.1	3.9	4.7	4.1	4.1	5.1	55.7	52.8	5.6%	2.9
TOTAL GENERAL SALES TAXES	194.0	200.5	207.6	178.9	178.0	197.1	168.9	161.8	168.4	180.2	169.4	203.1	2,207.8	2,125.7	3.9%	82.1
Tobacco Products & Cigarette Taxes	7.5	7.4	6.5	6.4	6.2	6.6	5.6	6.1	6.3	6.4	6.1	8.2	79.3	76.9	3.1%	2.4
Liquor Excise Tax	1.1	2.2	2.0	2.0	2.2	2.5	1.6	1.7	2.0	2.0	2.0	2.5	23.8	24.6	-3.2%	(0.8)
Insurance Premiums Tax	0.4	54.8	0.7	0.7	54.8	0.7	0.7	64.2	0.7	0.7	55.7	0.7	234.8	235.1	-0.1%	(0.3)
Fire Protection Fund Reversion	-	-	-	-	-	-	-	-	-	-	-	18.7	18.7	16.4	13.8%	2.3
Motor Vehicle Excise Tax	12.4	14.1	12.1	12.8	10.7	11.0	12.5	11.4	14.0	13.7	13.9	13.3	151.9	151.3	0.4%	0.6
Gaming Excise Tax	5.2	5.0	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9	59.6	59.2	0.6%	0.4
Leased Vehicle Surcharge & Other	0.6	1.5	0.7	0.8	0.6	0.5	0.5	0.5	0.6	0.6	0.7	0.7	3.0	2.2	36.1%	0.8
TOTAL SELECTIVE SALES TAXES	27.3	85.1	26.9	27.7	79.4	26.3	25.8	88.8	28.6	28.3	83.4	48.9	576.4	571.2	0.9%	5.2
Withholding	94.5	95.5	107.6	99.2	91.0	136.7	88.7	89.3	106.2	93.7	95.3	103.5	1,201.2	1,191.8	0.8%	9.4
Final Settlements	-	12.1	47.0	24.6	12.4	33.0	41.0	12.1	34.0	139.5	24.6	60.8	441.1	440.4	0.2%	0.7
Oil and Gas Withholding Tax	(0.7)	0.4	5.7	9.0	4.7	3.3	9.1	4.7	6.1	7.3	6.2	16.6	73.0	74.1	-1.5%	(1.1)
Fiduciary Tax	(0.7)	0.7	(0.5)	(0.1)	0.3	0.5	0.3	0.1	3.2	0.2	1.7	(0.1)	5.6	6.4	-13.1%	(0.8)
Gross Personal Income Tax	93.8	108.7	159.8	132.7	108.4	173.6	139.1	106.2	149.4	240.7	127.7	180.8	1,720.8	1,712.7	0.5%	8.1
Transfer to PIT Suspende	(8.6)	(7.8)	(11.7)	(9.7)	(5.7)	(78.5)	(106.0)	(68.9)	(44.4)	(18.7)	(12.3)	(8.0)	(380.3)	(374.5)	1.6%	(5.8)
Retiree Health Care	(2.2)	(2.2)	(2.2)	(2.3)	(2.3)	(2.3)	(2.3)	(2.3)	(2.3)	(2.3)	(2.3)	(2.6)	(27.7)	(28.1)	-1.3%	0.4
Less: Refunds, distributions to other funds	(10.8)	(10.0)	(13.8)	(12.0)	(8.0)	(80.9)	(108.3)	(71.2)	(46.7)	(21.0)	(14.6)	(10.6)	(408.1)	(402.6)	1.4%	(5.5)
NET PERSONAL INCOME TAX	83.0	98.7	145.9	120.6	100.4	92.7	30.8	34.9	102.6	219.7	113.1	170.1	1,312.8	1,310.2	0.2%	2.7
CORPORATE INCOME TAX	-	3.8	25.1	12.8	2.5	(1.8)	16.7	0.2	9.2	5.4	6.2	16.3	96.4	70.0	37.7%	26.4
TOTAL INCOME TAXES	83.0	102.5	171.0	133.4	102.9	90.9	47.5	35.1	111.9	225.2	119.3	186.4	1,409.1	1,380.1	2.1%	29.0
Oil and Gas School Tax	25.2	26.6	25.2	24.8	25.2	26.3	26.0	24.2	27.4	27.1	26.4	23.3	307.9	305.3	0.8%	2.6
Oil Conservation Tax	1.3	1.4	1.2	1.3	1.2	1.4	1.4	1.3	1.4	1.4	1.6	1.2	16.0	15.8	1.6%	0.2
Resources Excise Tax	0.7	0.8	0.8	0.9	0.8	0.9	0.8	0.8	0.9	0.8	0.8	0.9	9.9	10.0	-1.1%	(0.1)
Natural Gas Processors Tax	1.0	0.8	0.9	0.9	0.8	0.8	0.8	0.8	0.9	0.8	0.8	0.8	10.1	10.0	1.0%	0.1
TOTAL MINERAL PROD. TAXES	28.3	29.5	28.1	27.8	28.1	29.4	29.0	27.0	30.6	30.1	29.6	26.2	343.9	341.1	0.8%	2.8
LICENSE FEES	2.3	2.5	3.9	3.3	3.1	15.9	7.0	3.4	3.3	3.1	3.4	3.3	54.4	56.0	-2.9%	(1.6)
Land Grant Perm. Fund Distributions	48.8	48.8	48.7	48.7	48.7	48.7	48.7	48.7	48.7	48.7	48.7	48.7	585.0	584.8	0.0%	0.2
State Treasurer's Earnings	1.5	2.3	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	13.5	11.7	0.0%	1.8
Severance Tax Perm. Fund Distributions	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	210.4	210.4	0.0%	(0.0)
TOTAL INVESTMENT EARNINGS	67.8	68.7	67.2	67.2	67.2	67.2	67.2	67.2	67.2	67.2	67.2	67.2	808.9	806.9	0.2%	2.0
Federal Mineral Leasing Royalties	33.0	33.8	29.3	66.4	32.5	32.5	32.5	32.5	32.5	32.5	96.5	32.5	486.2	429.4	13.2%	56.8
State Land Office Bonuses, Rents	14.9	12.1	13.2	7.7	3.9	5.8	4.5	5.4	4.2	4.1	5.7	6.1	87.7	68.8	27.5%	18.9
TOTAL RENTS & ROYALTIES	47.9	45.9	42.5	74.2	36.4	38.3	37.0	37.9	36.7	36.5	102.2	38.6	573.9	498.2	15.2%	75.7
TRIBAL REVENUE SHARING	0.1	0.0	14.2	0.4	0.4	16.1	0.4	0.4	16.1	0.4	0.4	16.1	64.9	65.5	-1.0%	(0.6)
MISCELLANEOUS RECEIPTS	0.9	0.9	1.0	0.9	0.8	17.3	1.0	0.9	1.0	1.4	1.2	26.9	54.1	53.9	0.3%	0.1
REVERSIONS	0.0	0.0	0.0	0.8	0.4	1.6	4.2	1.3	5.5	1.9	2.6	24.1	42.5	42.5	0.0%	0.0
TOTAL RECURRING REVENUE	451.5	535.5	562.5	514.7	496.6	500.1	388.0	423.9	469.2	574.3	578.7	640.9	6,135.9	5,941.1	3.3%	194.8
Non-Recurring Additional Transfers	0.0	0.2	-	-	-	-	-	-	-	-	-	-	0.2	18.7	-	0.2
TOTAL NON-RECURRING REVENUE	0.0	0.2	-	-	-	-	-	-	-	-	-	-	8.0	18.7	-	0.2
GRAND TOTAL REVENUE	451.5	535.7	562.5	514.7	496.6	500.1	388.0	423.9	469.2	574.3	578.7	648.9	6,144.1	5,959.8	3.1%	184.3

Estimates are developed by LFC and based on the consensus revenue estimate and historical monthly patterns; the non-recurring additional transfers amount for June includes amounts expected due to solvency legislation

Appropriations: General Fund and Temporary Funds



Source: LFC Files



U.S. and New Mexico Economic Indicators

	FY17		FY18		FY19		FY20		FY21		FY22	
	Aug 17 Forecast	Dec 17 Forecast										
National Economic Indicators												
GI	2.0	1.9	2.6	2.5	2.6	2.3	2.0	2.2	2.3	2.0	2.2	2.1
Moody's US Real GDP Growth (annual avg., % YOY)*	2.1	1.9	2.7	2.7	2.5	2.6	1.7	1.4	1.6	1.6	1.7	2.6
GI	1.9	1.9	1.6	1.8	1.8	2.0	2.6	2.4	2.8	2.6	2.6	2.4
Moody's US Inflation Rate (CPI-U, annual avg., % YOY)**	1.9	1.9	1.9	2.0	2.6	2.6	2.9	2.8	2.6	2.6	1.8	2.3
GI	0.6	0.6	1.4	1.3	2.2	2.0	2.9	2.6	3.0	3.1	3.0	3.2
Moody's Federal Funds Rate (%)	0.6	0.6	1.4	1.4	2.7	2.7	3.7	3.7	3.5	3.5	3.2	3.0
New Mexico Labor Market and Income Data												
BBER	0.2	0.0	0.9	0.5	1.1	1.1	1.3	1.2	1.3	1.1	1.2	1.0
Moody's NM Non-Agricultural Employment Growth (%)	0.6	0.6	0.9	0.7	1.0	1.0	0.8	0.4	0.3	0.2	0.4	0.9
BBER	1.8	1.4	2.5	2.0	3.5	2.7	4.2	3.7	4.5	4.4	4.7	4.5
Moody's NM Nominal Personal Income Growth (%)***	1.7	1.4	2.5	2.4	3.7	2.6	3.7	3.2	3.5	3.3	4.0	3.6
BBER	1.3	1.0	2.7	2.2	3.4	3.5	3.8	3.7	4.2	3.7	4.5	3.6
Moody's NM Total Wages & Salaries Growth (%)	1.1	1.0	1.8	3.0	3.5	3.2	4.2	3.3	2.7	2.2	1.8	2.8
BBER	1.3	0.6	3.3	2.5	4.3	4.0	4.4	4.2	4.7	4.2	5.0	4.0
BBER	-0.2	0.5	0.8	0.9	1.7	1.6	2.3	2.4	2.4	2.4	2.2	2.2
Moody's NM Real Gross State Product (% YOY)	0.1	0.4	1.3	1.7	1.7	1.6	1.3	0.7	1.4	1.5	1.6	2.6
CREG	\$45.10	\$45.00	\$44.50	\$47.50	\$45.50	\$49.50	\$47.00	\$50.50	\$48.00	\$51.50	\$50.00	\$52.50
BBER	149.4	152.5	152.7	153.5	155.9	157.6	160.0	161.9	165.7	167.6	170.3	172.2
CREG	150.0	153.0	153.0	158.0	156.0	162.0	159.0	165.0	162.0	168.0	165.0	170.0
Moody's NM Taxable Oil Volumes (million barrels)			2.0%	3.3%	2.0%	2.5%	1.9%	1.9%	1.9%	1.8%	1.9%	1.2%
CREG	\$3.27	\$3.26	\$3.30	\$3.25	\$3.20	\$3.25	\$3.10	\$3.25	\$3.10	\$3.20	\$3.10	\$3.20
BBER	1,203	1,219	1,201	1,207	1,191	1,192	1,190	1,175	1,179	1,161	1,161	1,144
CREG	1,210	1,220	1,210	1,230	1,210	1,220	1,210	1,200	1,210	1,190	1,210	1,180
Moody's NM Taxable Gas Volumes (billion cubic feet)			0.0%	0.8%	0.0%	-0.8%	0.0%	-1.6%	0.0%	-0.8%	0.0%	-0.8%

LFC, 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 - October 2017 FOR-UNM baseline. Global Insight - November 2017 baseline.

DFA Notes

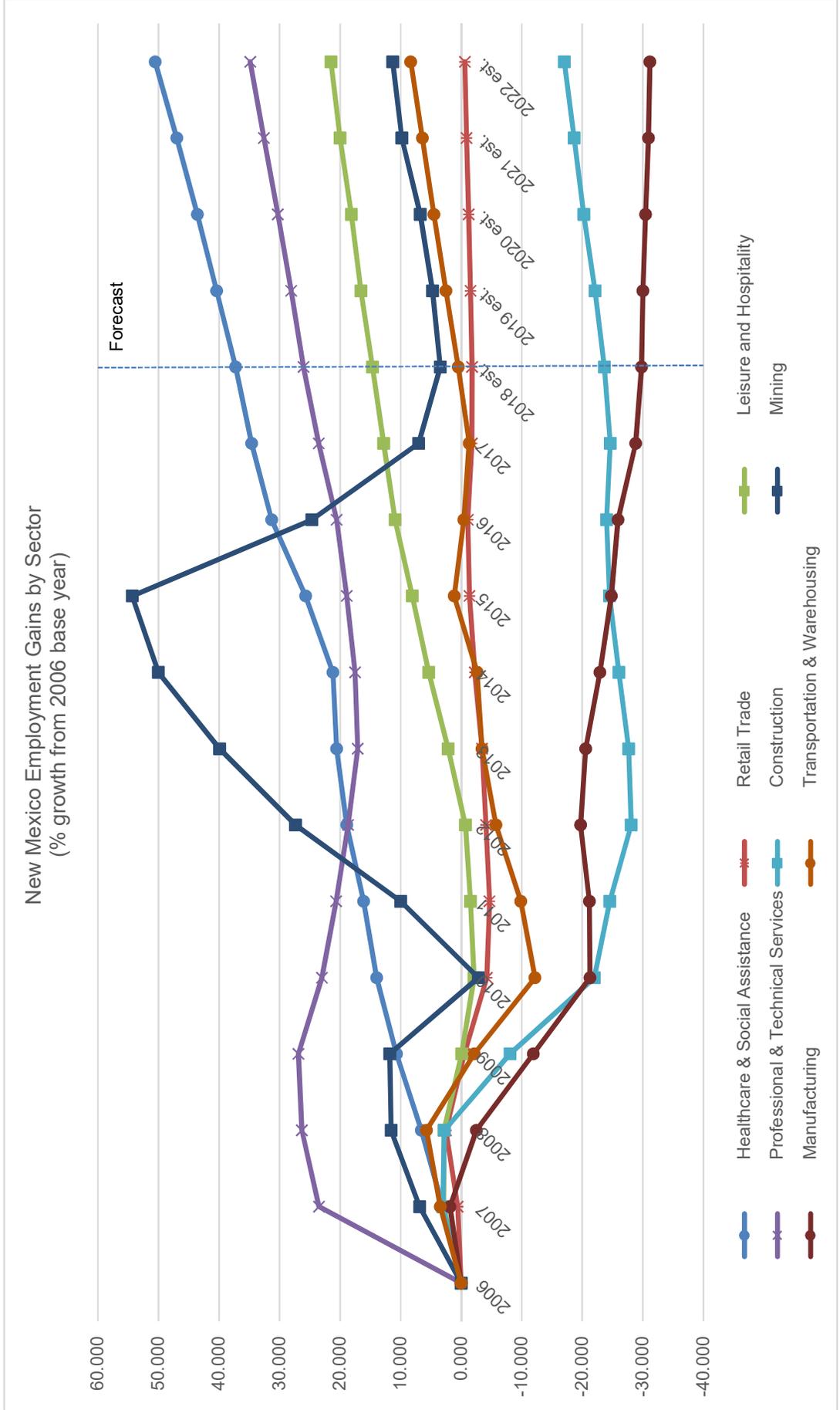
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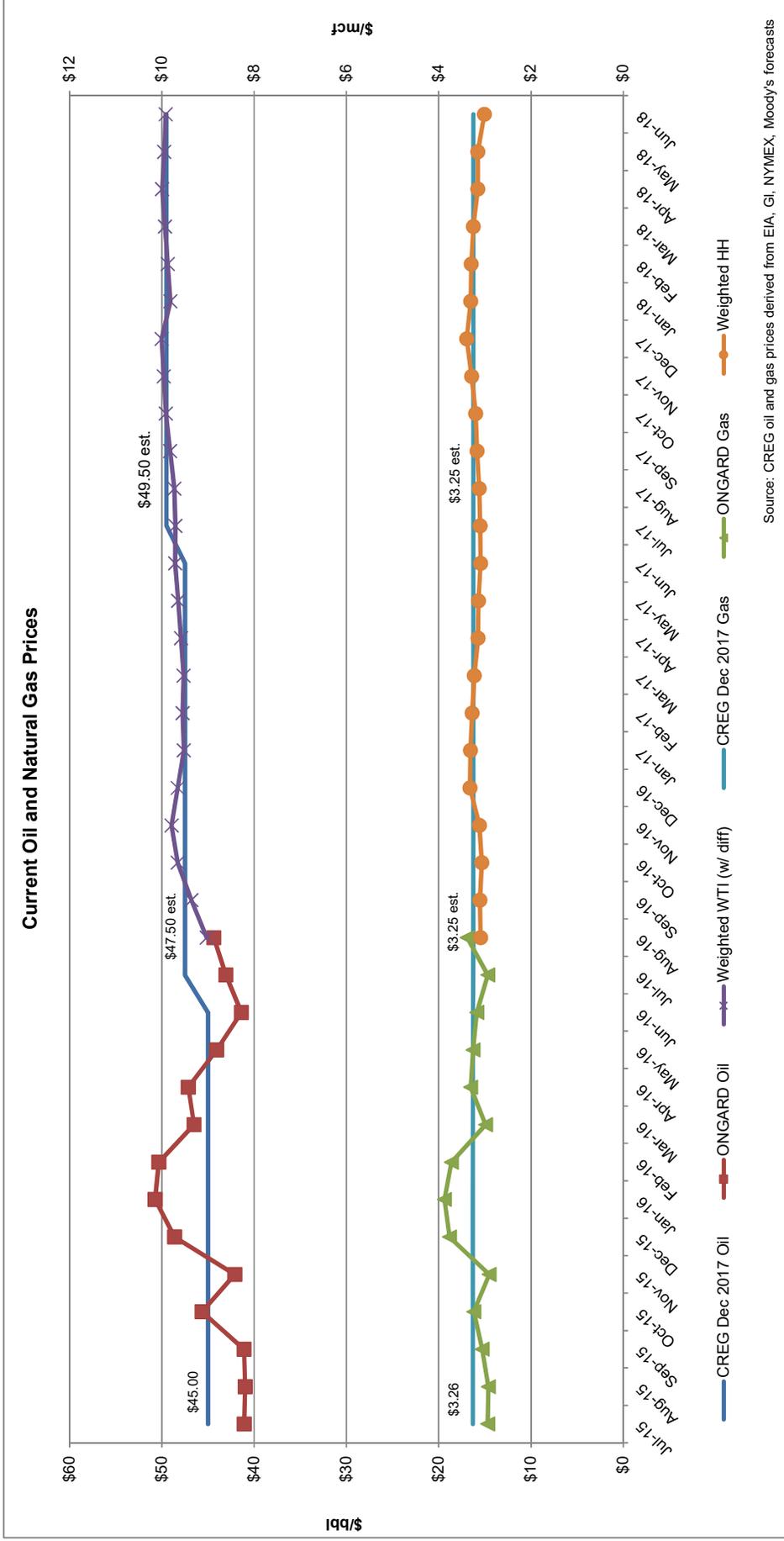
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***Nominal Personal Income growth rates are for the calendar year in which each fiscal year begins

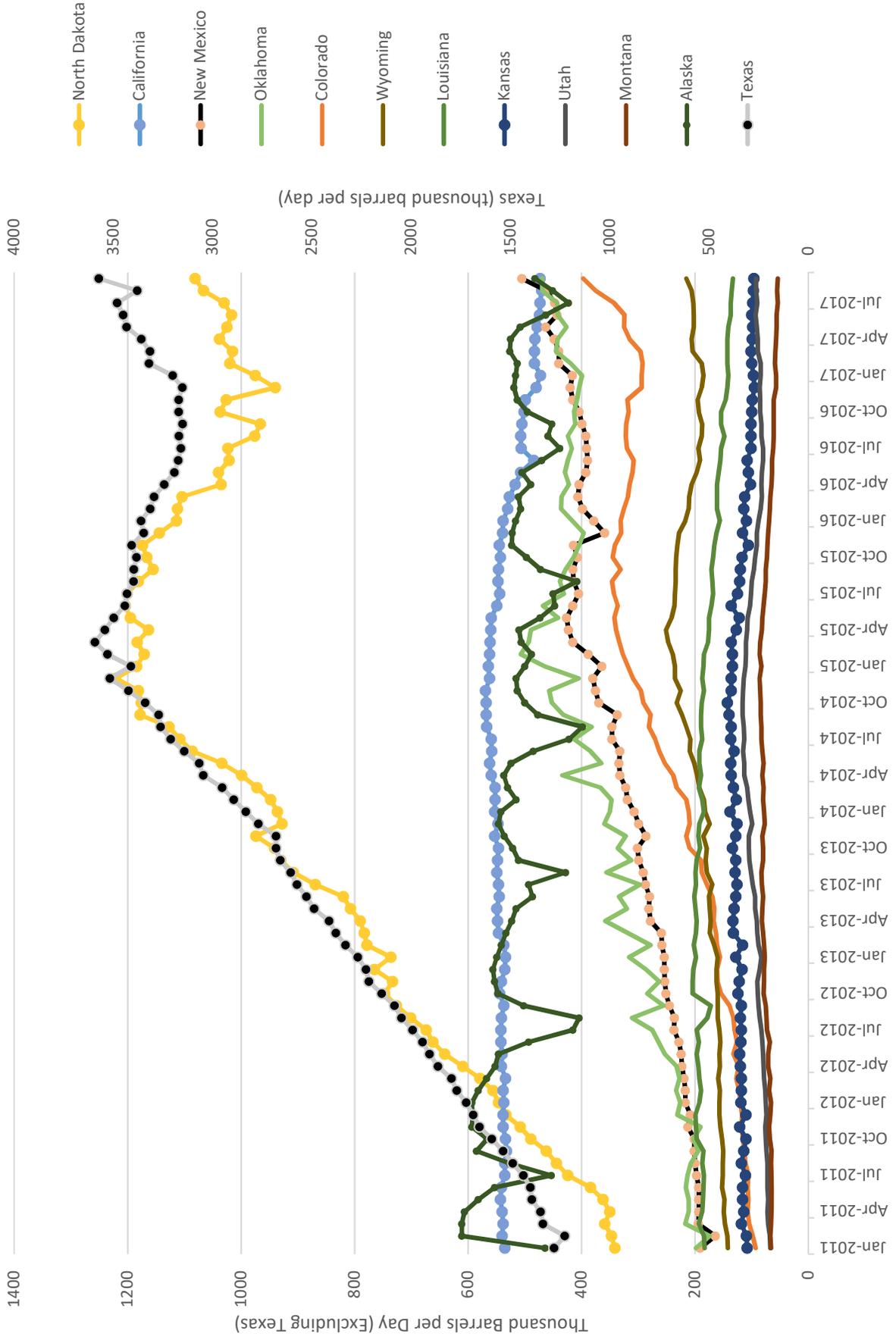
****The gas prices are estimated using a formula of NYMEX, EIA, and Moody's (June) future prices as well as a liquid premium based on oil price forecast

Sources: November 2017 Moody's economy.com baseline





Top Oil-Producing States (Thousand Barrels per Day)
January 2011 through September 2017

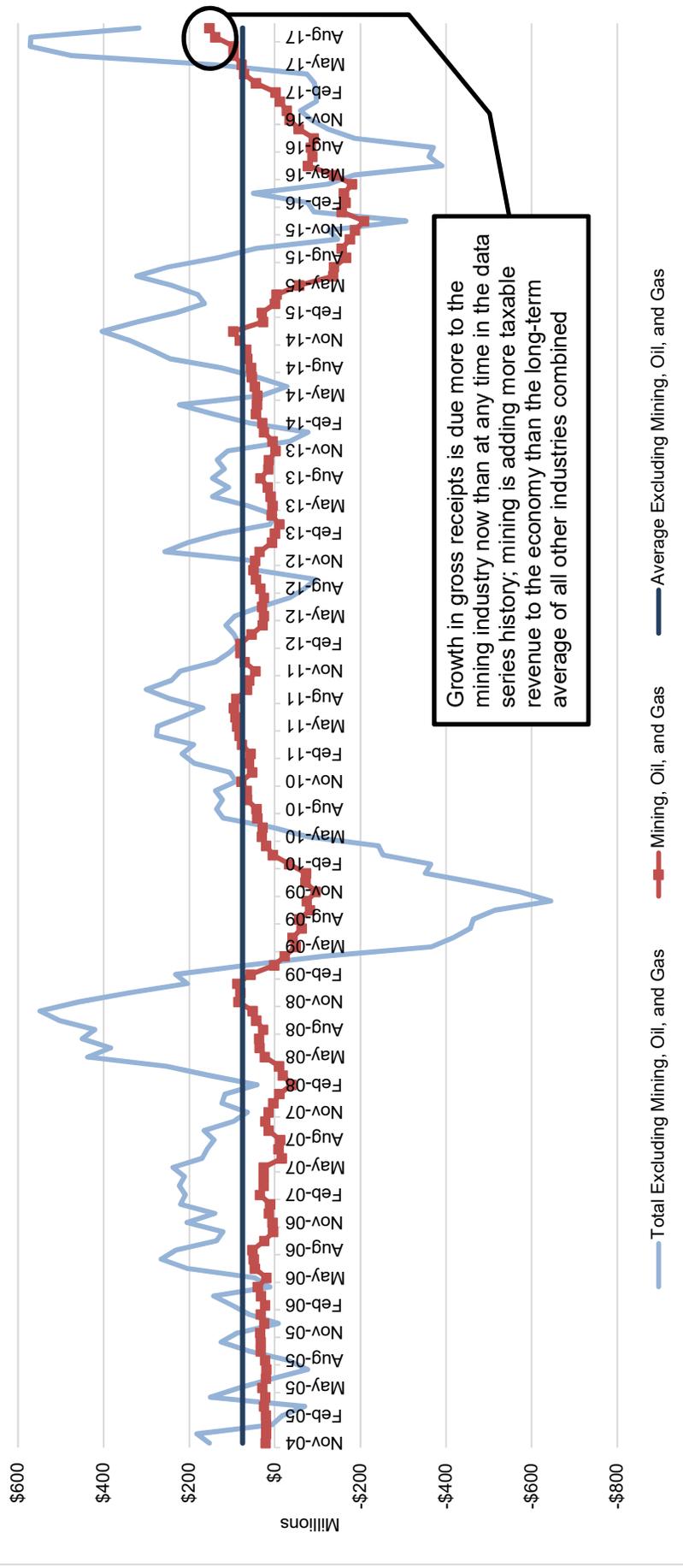


Matched Taxable Gross Receipts by Industry July 2017 - September 2017		
Industry	Matched Taxable Gross Receipts	Year-over-Year Change
Mining, Quarrying, and Oil and Gas Extraction	\$ 900,807,970	103.5%
Utilities	\$ 676,097,388	8.6%
Construction	\$ 1,806,342,621	11.5%
Manufacturing	\$ 376,243,709	2.0%
Wholesale Trade	\$ 600,297,826	32.4%
Retail Trade	\$ 3,173,650,444	9.4%
Transportation and Warehousing	\$ 185,010,630	30.2%
Information	\$ 635,570,670	0.5%
Real Estate and Rental and Leasing	\$ 359,362,602	19.2%
Professional, Scientific, and Technical Services	\$ 1,747,006,859	0.5%
Administrative/Support & Waste Management/Remediation	\$ 294,206,205	-0.2%
Health Care and Social Assistance	\$ 757,717,304	6.0%
Leisure and Hospitality Services	\$ 1,201,655,885	3.9%
Other Industries	\$ 1,441,188,224	n/a
Total	\$ 14,155,158,339	11.1%

Matched Taxable Gross Receipts by County July 2017 - September 2017		
Jurisdiction	Matched Taxable Gross Receipts	Year-over-Year Change
Bernalillo County	\$ 4,514,654,246	3.4%
Catron County	\$ 11,139,092	11.7%
Chaves County	\$ 313,730,671	13.3%
Cibola County	\$ 90,397,092	-3.8%
Colfax County	\$ 83,897,804	8.7%
Curry County	\$ 229,129,181	-16.2%
De Baca County	\$ 5,341,261	-56.2%
Dona Ana County	\$ 885,289,038	1.1%
Eddy County	\$ 1,062,070,286	46.0%
Grant County	\$ 115,465,449	9.7%
Guadalupe County	\$ 25,984,158	-7.2%
Harding County	\$ 3,871,511	-8.0%
Hidalgo County	\$ 65,199,714	184.9%
Lea County	\$ 1,036,901,611	43.4%
Lincoln County	\$ 145,727,035	7.7%
Los Alamos	\$ 465,511,083	3.0%
Luna County	\$ 104,792,129	22.6%
McKinley County	\$ 260,930,414	-4.4%
Mora County	\$ 12,595,181	45.1%
Otero County	\$ 232,875,962	-2.5%
Quay County	\$ 36,511,953	-12.0%
Rio Arriba County	\$ 114,698,884	12.0%
Roosevelt County	\$ 72,905,693	12.6%
San Juan County	\$ 809,621,952	11.0%
San Miguel County	\$ 93,538,946	10.7%
Sandoval County	\$ 369,935,669	-2.4%
Santa Fe County	\$ 1,028,558,111	4.0%
Sierra County	\$ 40,223,746	-35.5%
Socorro County	\$ 47,312,419	-10.3%
Taos County	\$ 179,945,867	-4.2%
Torrance County	\$ 78,829,718	43.2%
Union County	\$ 29,760,613	-0.2%
Valencia County	\$ 265,208,726	46.8%

Source: TRD

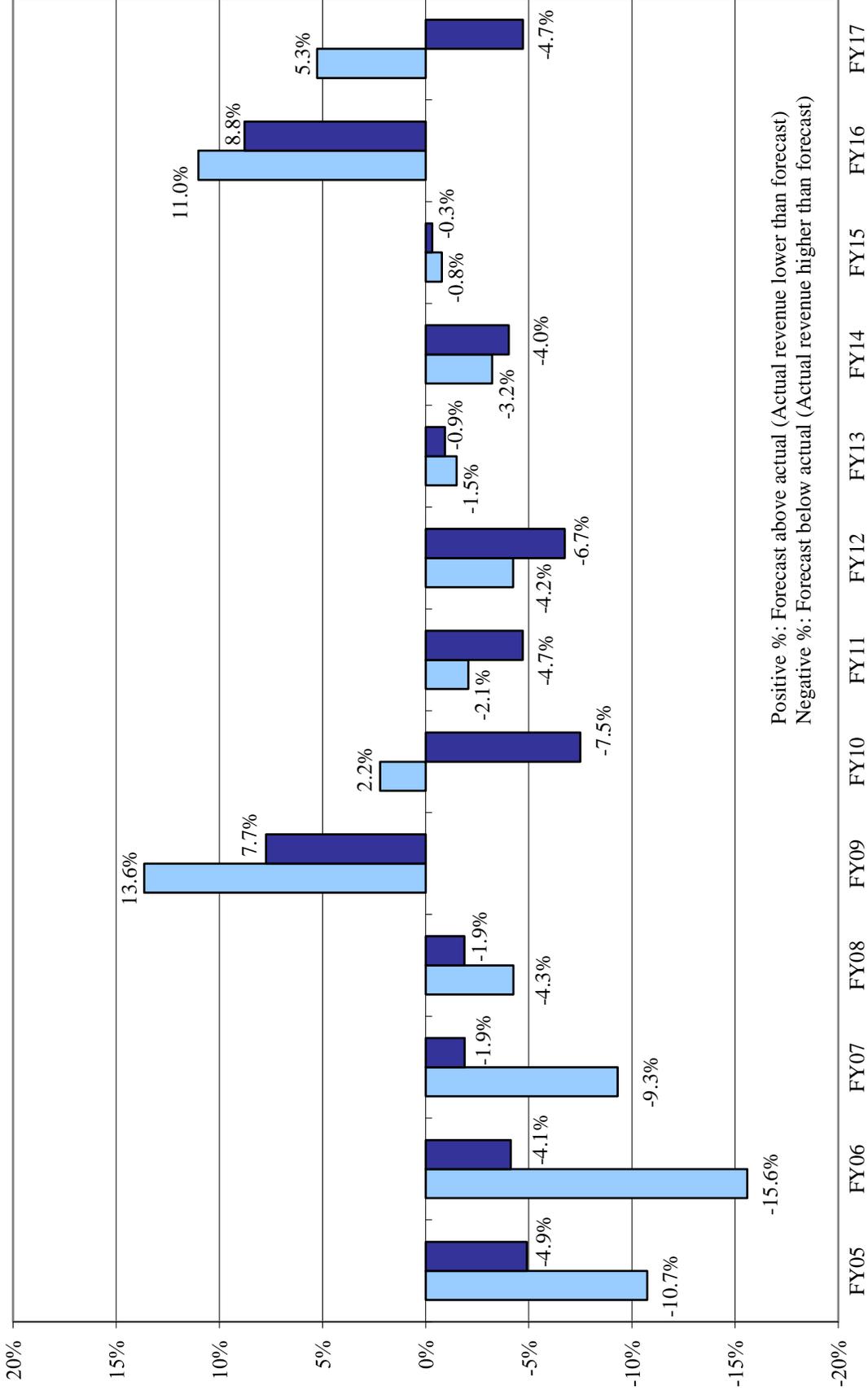
Three Month Moving Average of Annual Growth in Matched Taxable Gross Receipts



Use of Nonrecurring Revenues, Special Appropriations, and Fund Balances in FY18 and FY19 Operating Budgets

Agency Code	Agency	Fund Name	Use of Non-recurring Revenue in FY18 OpBud or FY17 Specials	FY17 Year End Balance	FY18 Projected Fund Balance	FY19 Agency Request GF Replacement
1	218	Administrative Office of the Courts	\$ 3,423.5	\$ 378.6	\$ 213.0	\$ 1,500.0
2	218	Administrative Office of the Courts	\$ 475.0	\$ -	\$ -	\$ 250.0
3	218	Administrative Office of the Courts	\$ 1,233.0	\$ -	\$ -	\$ 550.0
4	305	Office of the Attorney General	\$ 8,359.5	\$ -	\$ 252.8	\$ 4,743.4
5	308	State Auditor	\$ 755.0	\$ 320.7	\$ -	\$ 116.9
6	333	Taxation and Revenue	\$ 6,000.0	\$ -	\$ -	\$ 6,000.0
7	350	General Services Department	\$ 692.8	\$ 1,500.0	\$ -	\$ 692.8
8	370	Secretary of State	\$ 640.0	\$ 433.4	\$ -	\$ 640.0
9	420	Regulation and Licensing Department	\$ 725.5	\$ 4,043.3	\$ -	\$ 725.5
10	430	Public Regulation Commission	\$ 488.1	\$ 4,984.7	\$ 14,000.0	\$ 1,761.2
11	505	Cultural Affairs	\$ 1,200.0	\$ 450.0	\$ -	\$ -
12	521	Energy, Minerals, and Natural Resources	\$ 2,920.0	\$ 5,774.7	\$ 4,754.6	\$ -
13	521	Energy, Minerals, and Natural Resources	\$ 500.0	\$ 474.3	\$ (25.7)	\$ -
14	550	Office of the State Engineer	\$ 14,365.8	\$ 14,338.3	\$ 6,986.2	\$ -
15	550	Office of the State Engineer	\$ 3,732.6	\$ 8,947.5	\$ 6,764.9	\$ -
16	630	Human Services	\$ 54,027.5	\$ 38,588.0	\$ 48,260.5	\$ 54,027.5
17	630	Human Services	\$ 19,500.0	\$ 146,793.6	\$ 156,293.6	\$ -
18	631	Workforce Solutions	\$ 6,100.0	\$ -	\$ -	\$ -
19	667	Environment Department	\$ 23,675.7	\$ 10,399.9	\$ 5,852.0	\$ -
20	690	Children, Youth and Families	\$ 25,515.4	\$ 12,923.1	\$ -	\$ 25,000.0
21	70	Corrections	\$ 4,000.0	\$ -	\$ -	\$ -
22	770	Corrections	\$ 1,312.1	\$ 1,782.7	\$ 592.0	\$ 1,312.7
23	770	Corrections	\$ -	\$ -	\$ -	\$ 3,426.5
24	790	Public Safety	\$ 915.0	\$ 523.0	\$ -	\$ -
25	993	Public School Support	\$ 8,550.0	\$ -	\$ -	\$ 8,550.0
26	924	Public Education Department Transportation Distribution	\$ 14,500.0	\$ -	\$ -	\$ -
27	924	Public Education Department Instructional Material Fund	\$ 10,500.0	\$ 228,620.7	\$ -	\$ -
28	950	Higher Education Department	\$ -	\$ -	\$ -	\$ -
Total			\$ 214,106.5	\$ 481,276.5	\$ 243,943.9	\$ 109,296.5

Consensus Revenue Estimate Recurring Revenue Estimating Difference/Error

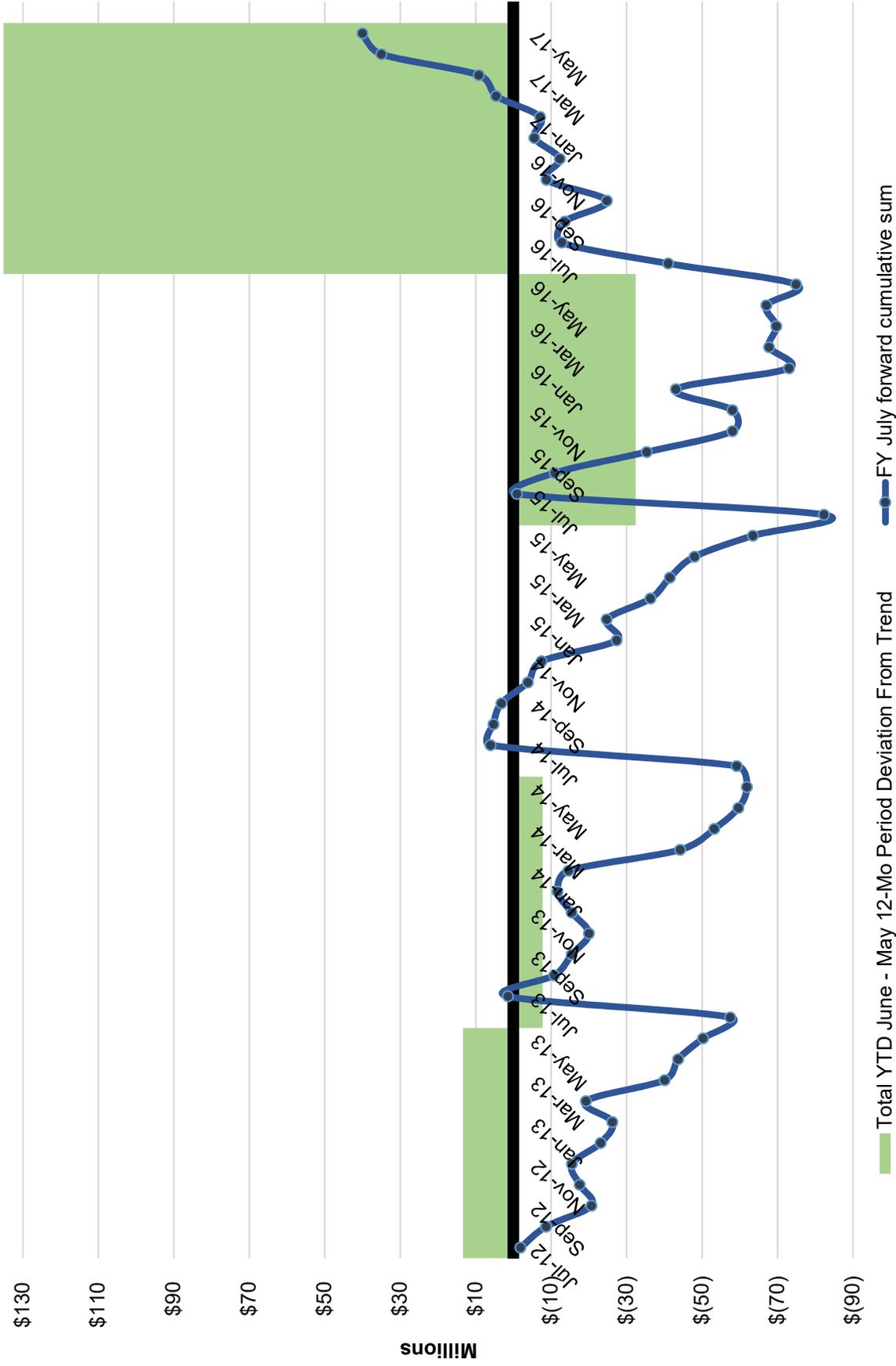


Positive %: Forecast above actual (Actual revenue lower than forecast)
 Negative %: Forecast below actual (Actual revenue higher than forecast)

Legend: ■ 18-month ■ 6-month

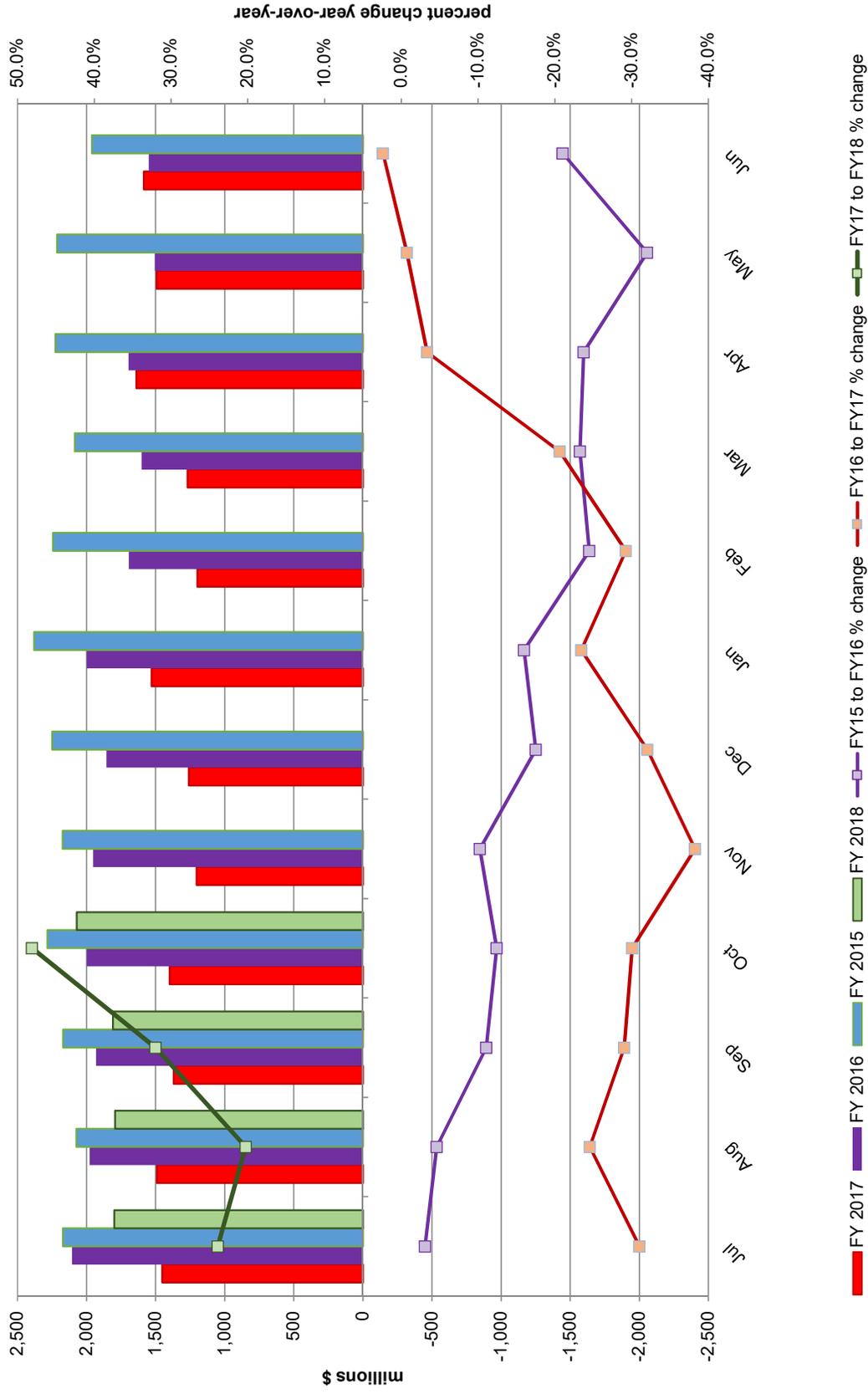
Source: LFC files

Gross Receipts Tax: 60-Day and Other Credits -- Impact on General Fund



Source: CRS Matrix from TRD

State General Fund Investment Pool End-of-Month Balances



Sources: State Treasurer's Office, LFC files