



NEW MEXICO
LEGISLATIVE
FINANCE
COMMITTEE

Economic Drivers of Severance Tax Bonding Capacity

Public School Capital Outlay Oversight Task Force

Ismael Torres, Chief Economist

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Bonding capacity is determined by three factors.

- Statutory Limits on Debt
- Projected Future Severance Tax Revenues (primarily oil and gas)
- Outstanding and future projected long-term debt service



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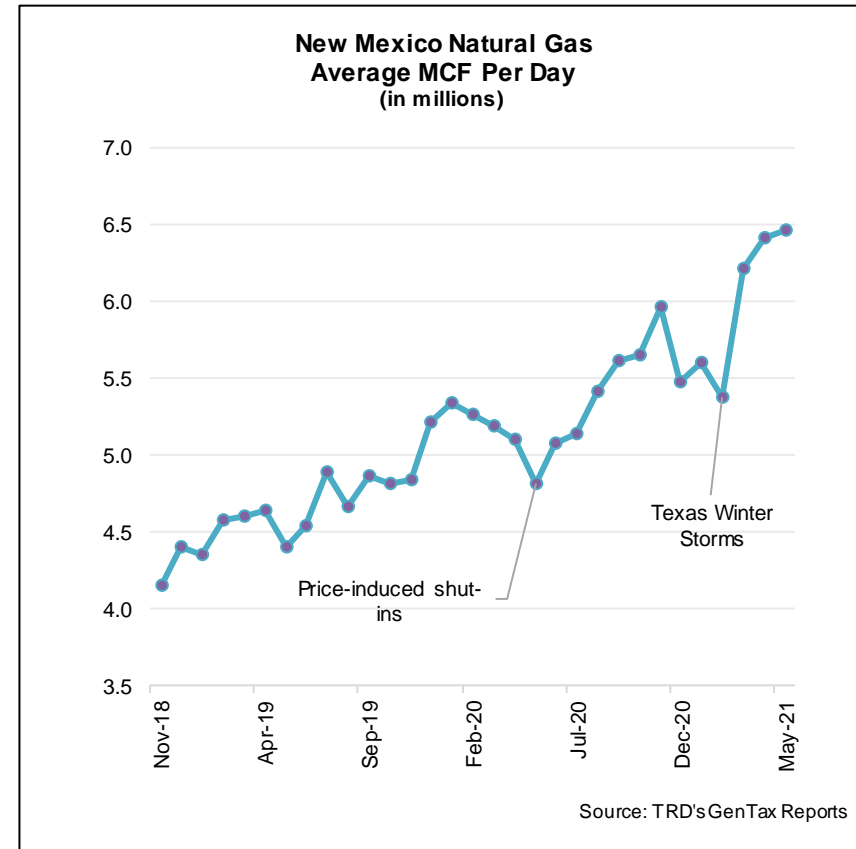
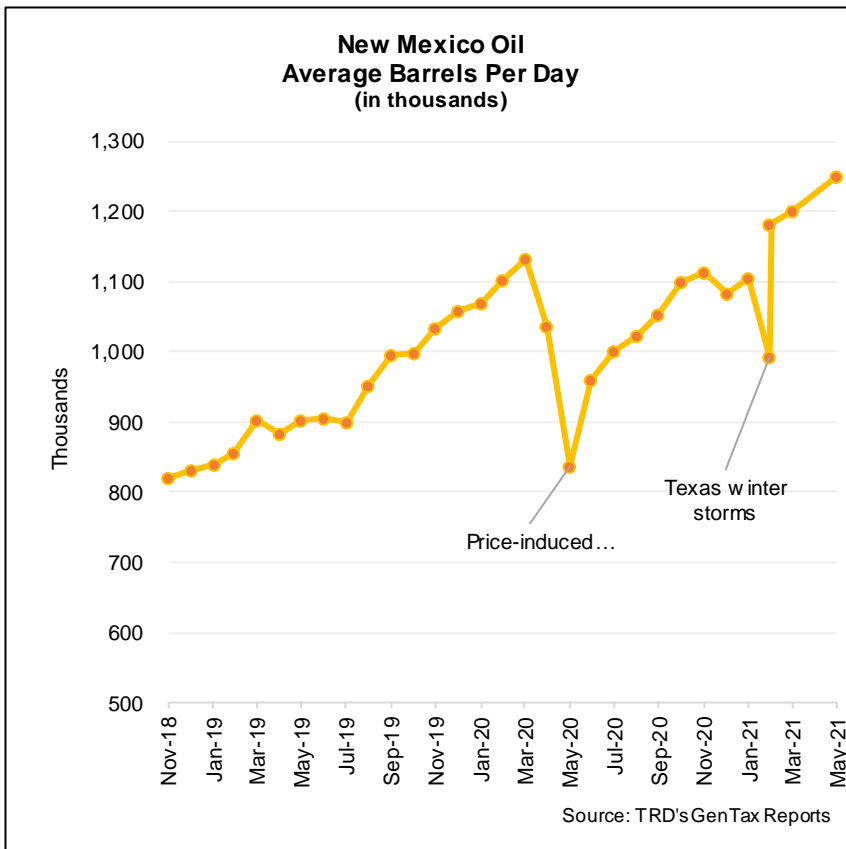
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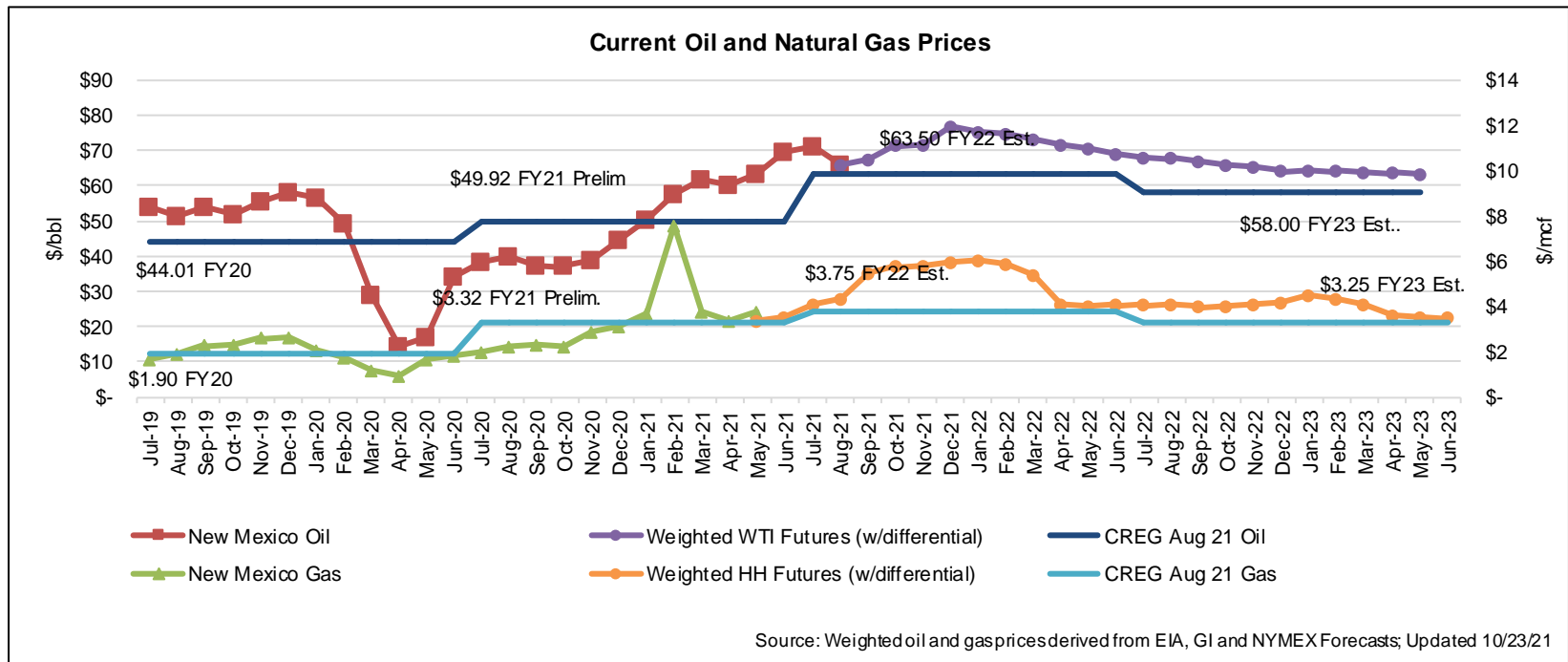
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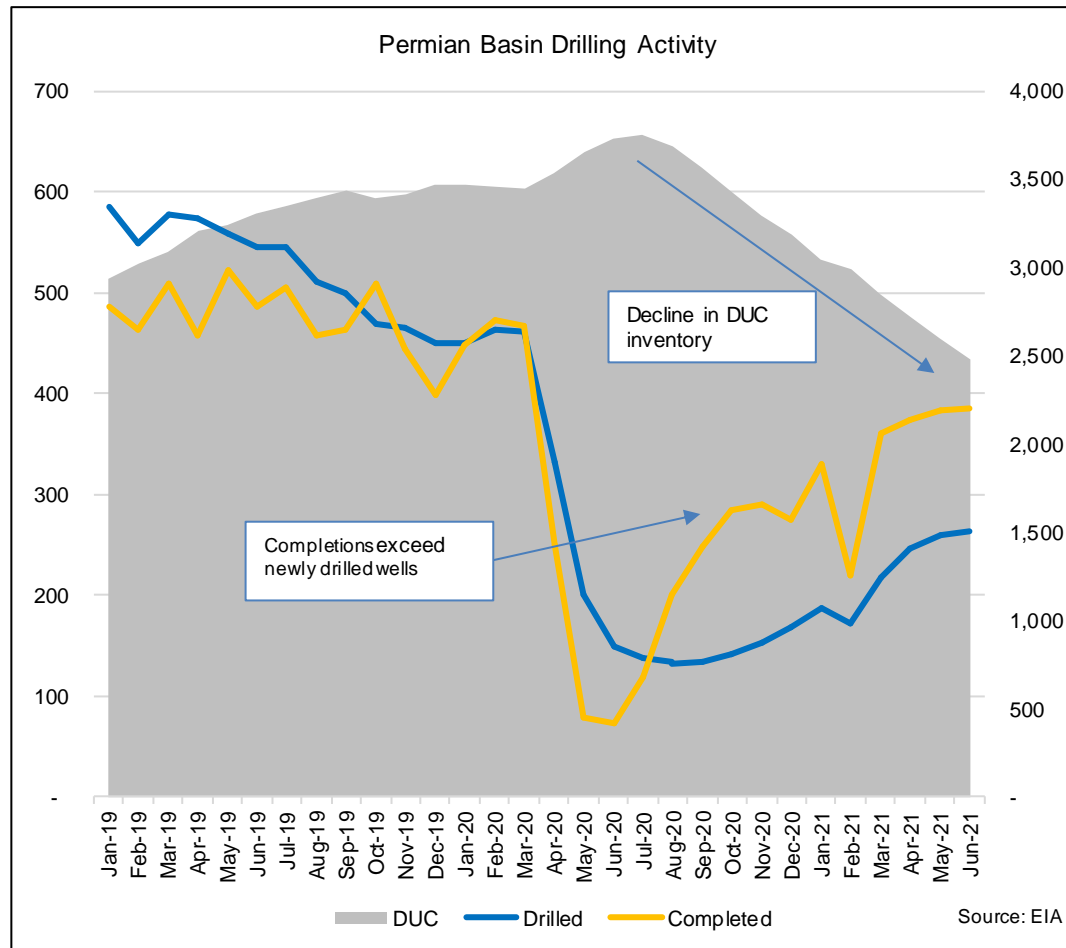
Oil and gas markets have recovered and exceeded pre-pandemic levels.



Oil and gas prices are currently tracking above the August 2021 consensus forecast, but uncertainty in the market remains.



Despite the upside, there are limiting factors to growth.



SSTBs are insulated from volatility.

