ISSUES FOR HEARING

December 2016 Consensus Revenue Estimate

Prepared by the Legislative Finance Committee
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Summary.

- 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.
- Preliminary FY16 recurring revenue is $5.7 billion, $36.7 million higher than the August 2016 consensus estimate due to accounting strength from revenues booked in FY16 that were anticipated in FY17. The table below presents a reconciliation of recurring revenues through the current revenue estimating cycle.
- Attachment 2 (page 15) shows general fund revenue revisions from August 2016, adjusted for the 2016 special session actions, to December 2016. Actions taken during the special session adjusted August 2016 recurring revenue estimates for FY17 upward $22.6 million to $5.7 billion, and FY18 estimates were revised upward $39 million to $6.1 billion. Compared with this adjusted forecast, the FY17 recurring revenue estimate was revised downward by $130.8 million to $5.6 billion, and the FY18 revenue estimate was revised downward by $127.3 million to $5.9 billion.
- The downward revisions to the previous revenue estimate were driven by revenues for the first quarter of FY17 dropping below projections and revised economic forecasts showing significant reductions in expectations for employment, wage and salary, and state economic growth.
- Attachment 4 (page 18) shows the general fund financial summary. Preliminary FY16 ending reserve balances are $145.7 million, or 2.3 percent of recurring appropriations. Projected FY17 ending reserve balances are negative $69.1 million, or -1.1 percent of recurring appropriations.
- The "New Money" in FY18, defined as FY18 projected recurring revenue less FY17 recurring appropriations, is negative $93 million, or 1.5 percent below FY17 appropriations. See Attachment 5 (page 20) for a history of appropriation and revenue levels and Attachment 6 (page 21) for historical reserve levels.
- Recurring revenue growth in FY18 appears surprisingly strong at 5.9 percent, and gross receipts tax (GRT) revenues appear particularly high at 7.5 percent. However, much of this is due to non-economic factors, including the scheduled reduction in hold harmless payments to local governments. Additionally, during the 2016 special legislative session, significant changes were made to health care deductions and the high-wage jobs tax credit that save tens of millions of dollars in FY18 compared with FY17. GRT growth due to economic factors in FY18 is 3.5 percent, and these non-economic factors contribute an additional 4 percent. Previous law changes, such as the transition of a portion of liquor excise revenues from the lottery scholarship fund to the general fund in FY18 and later years, also increase recurring revenue growth.

December 2016 Consensus General Fund Recurring Revenue Outlook

(in millions of dollars)

	FY16	FY17	FY18	FY19
August 2016 Consensus Adjusted for Special Session	$5,672.1	$5,731.0	$6,056.4	$6,221.2
December 2016 Adjustments	$36.7	-$130.8	-$127.3	-$78.8
December 2016 Consensus	$5,708.8	$5,600.2	$5,929.1	$6,142.4
Annual amount change	-$485.9	-$108.6	$328.9	$213.3
Annual percent change	-7.8%	-1.9%	5.9%	3.6%

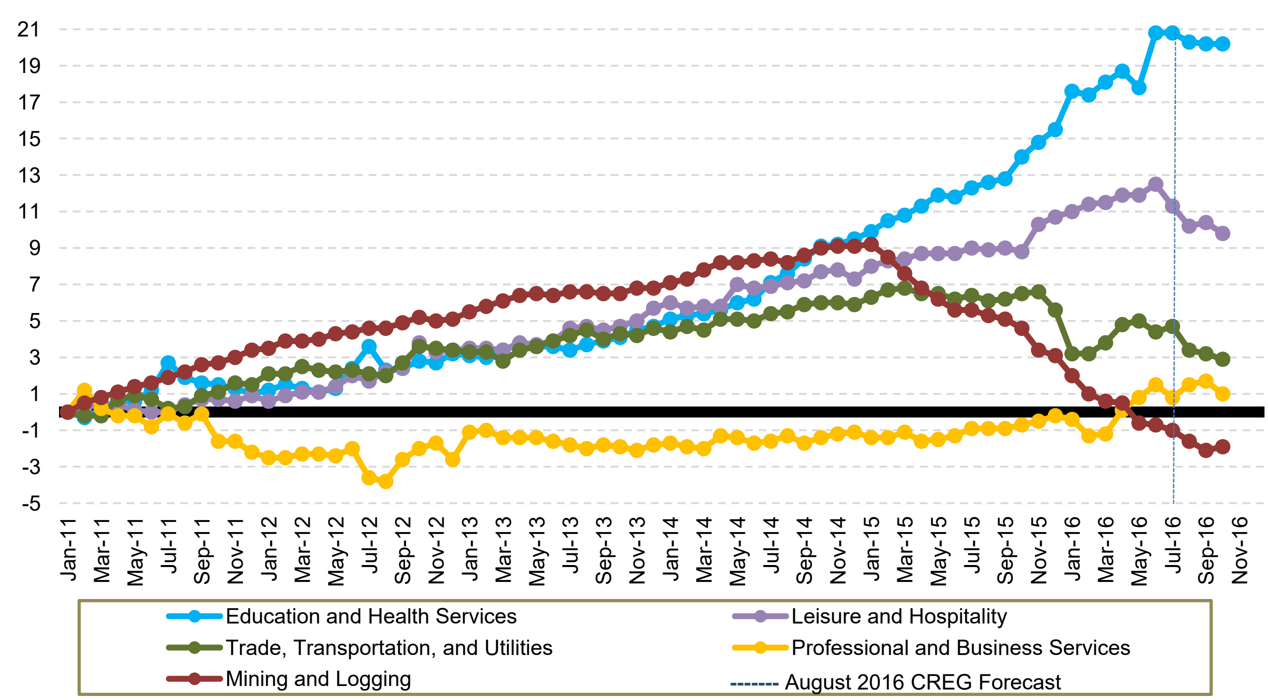
The US and NM Economic Forecast. The consensus revenue estimating group uses two different forecasting services in developing the economic assumptions on which the forecast is based. LFC, TRD, and DOT rely on New Mexico forecasts produced by UNM's Bureau of Business and Economic Research (BBER). BBER, in turn, has relied 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 1 (page 14).

National economic growth has continued at the slow-to-moderate pace seen over the last few years, and the forecasts, developed prior to the November elections, call for continued moderate growth. 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. There is significant uncertainty about how the results of the election will impact the economy and the federal budget, but markets appear to expect increased economic activity and rising interest rates.

New Mexico's economy was impacted significantly by the downturn in the extractives industry, and while it seems the state might finally have hit bottom for job losses in the mining sector with year-over-year declines shrinking in October, other industry sectors are now faltering, resulting in total year-over-year job losses for September and October. The economic forecasts used by CREG in August assumed average employment growth of 1.3 percent, but for the December forecast, the average fell to less than 0.4 percent.

October employment contracted 0.3 percent, or 2,900 jobs, compared with the previous year, according to the Workforce Solutions Department. The sectors reporting strength include healthcare and social assistance, professional and technical services, and leisure and hospitality, but losses in the mining industry and other sectors overwhelmed the gains. Additionally, data from the U.S. Bureau of Labor Statistics show the growing sectors have slowed since the August forecast.

New Mexico Employment Level Change, Month over Month (thousands of jobs)

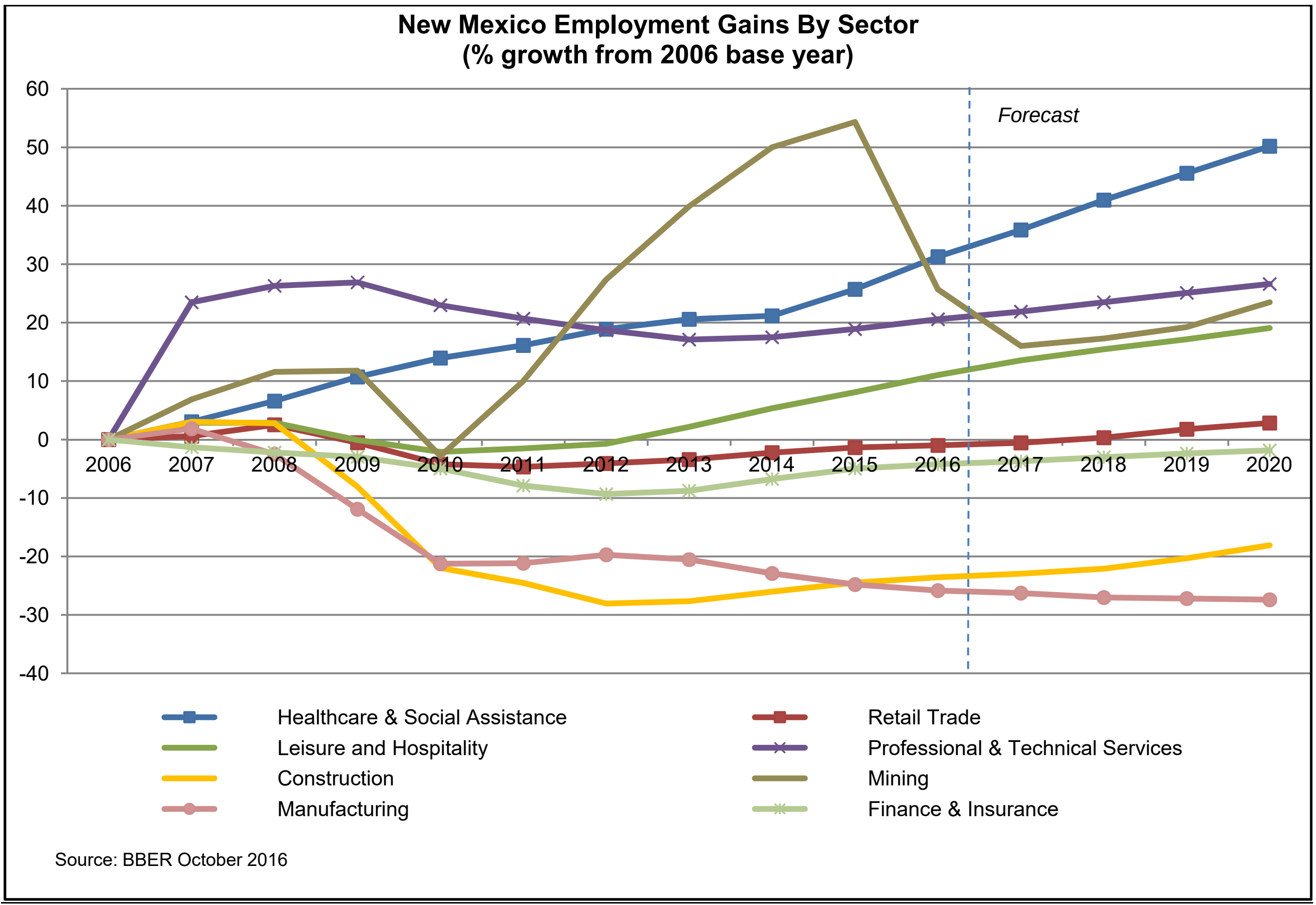


Source: Bureau of Labor Statistics, Current Employment Statistics (CES) Survey, November 2016

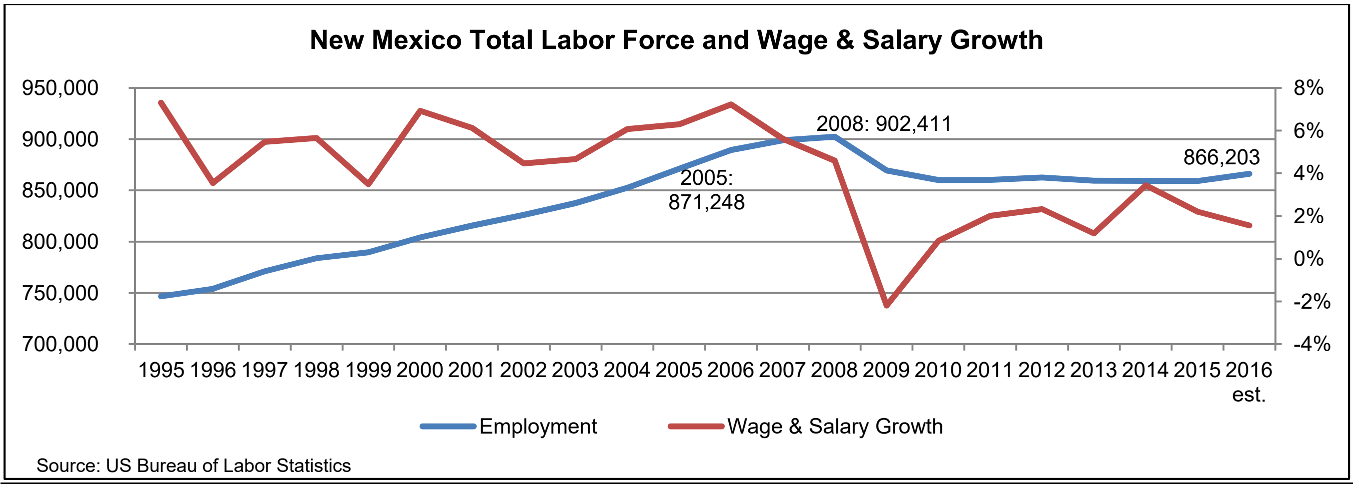
The oil and gas industry continues to lose jobs, contracting by 26.5 percent year-over-year in October as petroleum companies pulled back drilling operations in the Permian and San Juan basins. The unemployment rate in New Mexico gradually rose to hover around 6.7 percent while the U.S. reported 5 percent nationally for September. The only state with a higher unemployment rate is Alaska.

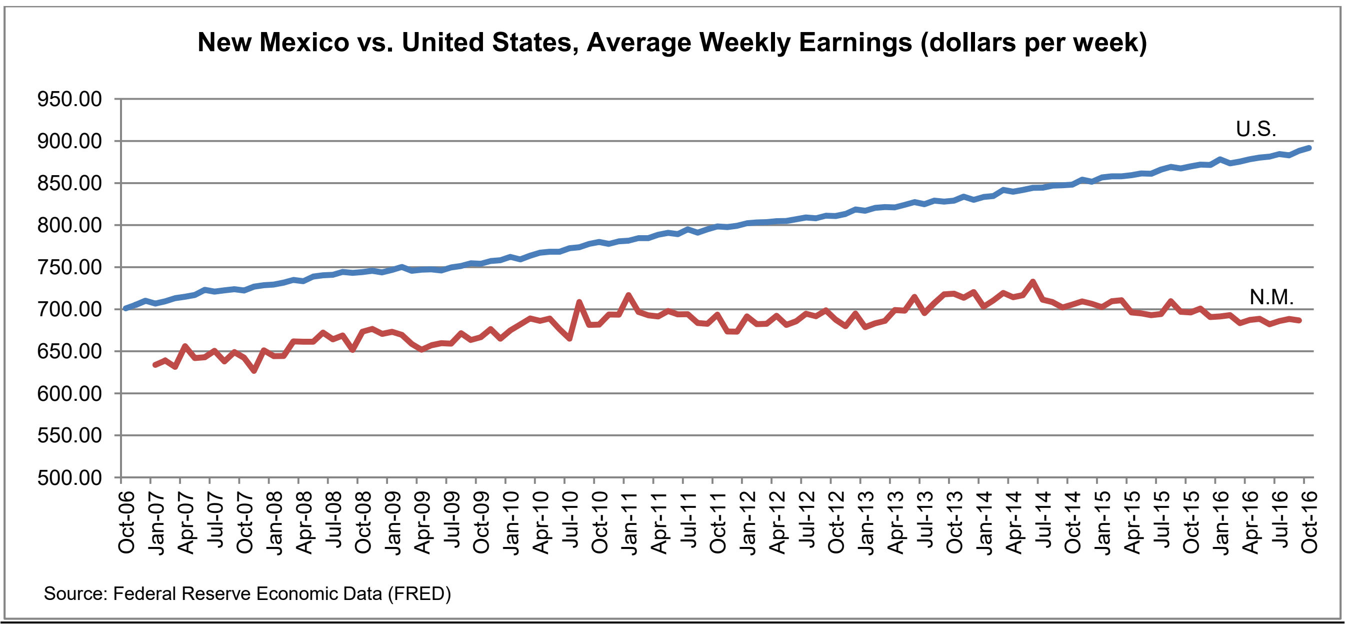
It is noteworthy that New Mexico has not regained pre-recession total employment levels as far back as 2005. Total employment in October 2016 was 866 thousand, while 2005 average employment was 871 thousand. The state reached its peak in 2008 with 902 thousand people employed.

BBER projects increased growth in the healthcare and leisure and hospitality industries from 2017 forward, and modest growth is expected in professional services industries. Growth in the mining sector is projected to pick back up in 2017, as recovering oil and gas prices are expected to bring increased drilling activity in the state. BBER reports job gains in the near term, through 2017, are likely to be concentrated in the metro areas, particularly the Albuquerque metro area. Gains in non-metro areas are expected more gradually, and BBER projects employment levels in the state will reach pre-recession levels in mid-2018.



Wage and salary growth in the state has become depressed in the weak labor market, as shown in the chart below. Average hourly earnings have stagnated, and average weekly earnings continue to fall. September 2016 average weekly earnings were $690, down 1.5 percent from $700 a year ago. The declining earnings partially reflects higher wage jobs in the oil and gas industry being replaced with lower wage jobs, including those in the healthcare and leisure and hospitality industries. However, the change is primarily due to lower average weekly hours worked than at any time in the last 10 years, as shown in Attachment 8. Inflation, despite being very low at 0.7 percent in FY16, contributed to a further reduction in net spending power for New Mexicans.





New Mexico's real gross state product (GSP) declined during FY16, with BBER estimating a drop of -0.5 percent year-over-year and Moody's estimating a drop of -0.6 percent. A decrease in GSP makes sense in light of the decline in oil prices and relatively weak growth in other economic sectors. Both forecasting services assume growth of about half a percent in FY17 before returning to a more historically normal rate of roughly 2 percent.

Oil & Gas. The oil and gas sector has experienced modest recovery since the price declines that began in 2014. WTI spot prices reached a low of $26.54/bbl in February 2016 and have recovered to almost $50/bbl by October 2016. Global oil supply remains elevated, combined with sluggish demand, and prices are expected to experience moderate growth over the next five years. The Organization of the Petroleum Exporting Countries (OPEC) reached an agreement at the end of November to cut production by 1.2 million bbls/day, and producers outside the group, including Russia, are expected to cut production by 600 thousand bbls/day. While crude oil futures responded favorably following the deal, OPEC has a varied history of compliance with its own agreements, and there remains uncertainty on whether the cuts will be enforced.

In their most recent reports, major forecasting agencies (EIA, IHS Global Insight, and Moody's) revised oil price estimates downward for remaining months in the fiscal year, leading the forecast for New Mexico oil prices in FY17 to be adjusted downward $2/bbl from the August 2016 estimate. The New Mexico oil price forecast for

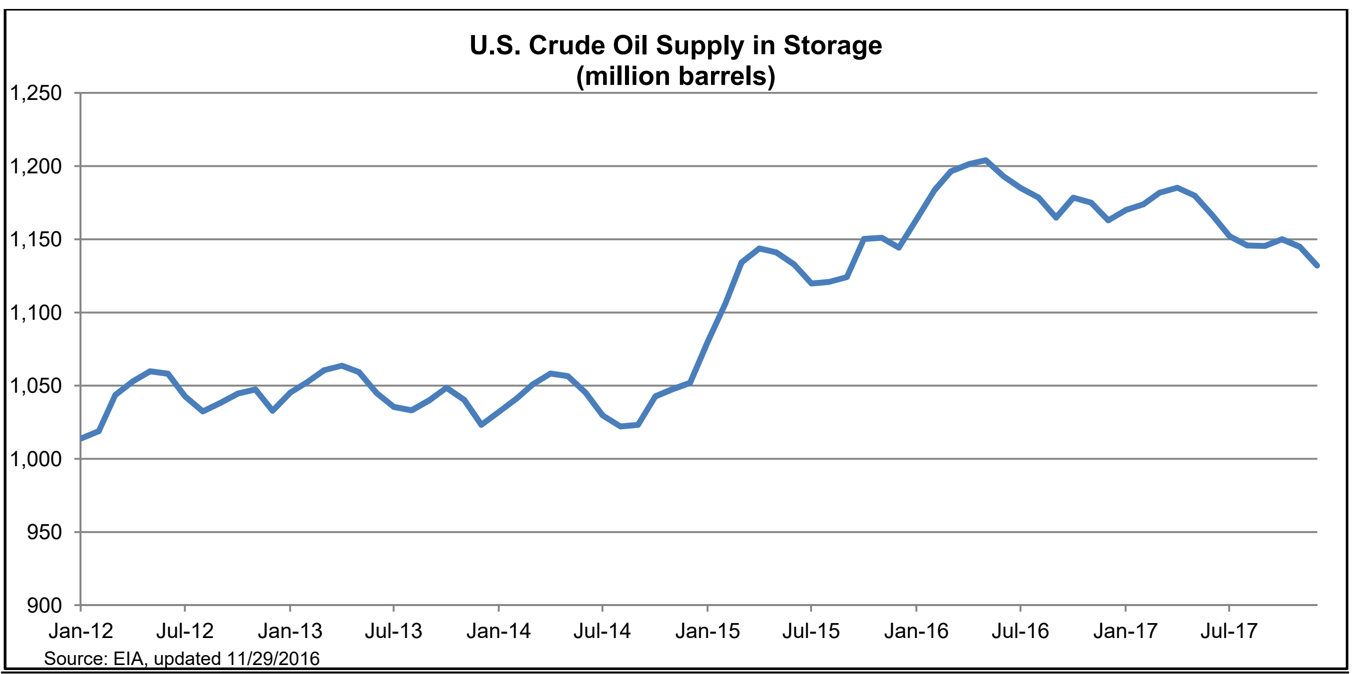
FY17 is now $43/bbl and assumes a price differential of $4.20/bbl. CREG estimates the following prices and volumes for oil and natural gas production in FY17-FY21:

FY	2013	2014	2015	2016	*2017*	*2018*	*2019*	*2020*	*2021*
	Actual	Actual	Actual	Actual	*Forecast*	*Forecast*	*Forecast*	*Forecast*	*Forecast*
Oil Price ($/bbl)	85.81	95.75	61.72	37.85	43.00	48.00	50.00	53.00	56.00
Oil Volume (MMbbls)	94	110	137	146.7	143	143	143	143	143
Natural Gas Price ($/mcf)	4.37	5.15	3.80	2.42	3.15	3.31	3.26	3.35	3.45
Natural Gas Volume (bcf)	1173	1170	1174	1175	1144	1108	1075	1044	1008

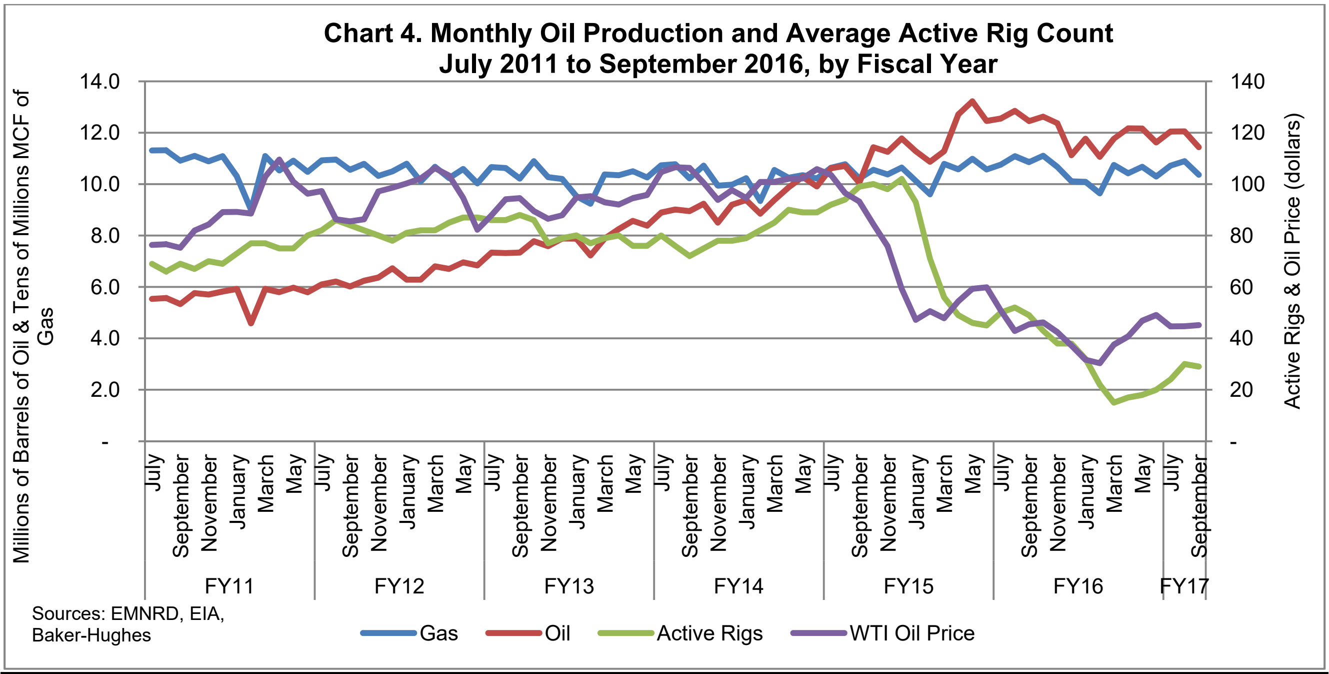
Drilling activity in New Mexico declined with prices, and it has remained stagnant over the first quarter of FY17. Baker Hughes reported 31 active rigs in New Mexico for October 2016, up just one rig from the 30 reported in August and down from the 102 rigs reported in December 2015.

However, with enhanced production methods, oil production in New Mexico has continued at elevated levels. According to the New Mexico Oil Conservation Division, oil production in the state averaged 11.8 million barrels/month over the first quarter of FY17, marginally lower than the 12.1 million bbls/month averaged in FY16 and up from the 11.6 million bbls/month averaged in FY15. While prices remain low, producers are expected to continue doing "more with less" in the near term by keeping production levels up despite little growth in drilling activity.

Crude oil supply in storage in the U.S. has significantly increased from January 2015 to present, contributing to global oversupply and oil price suppression. However, the U.S. Energy Information Administration predicts U.S. supply in storage will gradually decline through the end of 2017.



Henry Hub dry gas prices averaged over $3/mcf in September and October 2016, the highest level since January 2015. NYMEX futures and estimates from major forecasting agencies are up, leading CREG to revise its expected natural gas price for New Mexico to $3.15/mcf, up from the previous August estimate of $3/mcf. Low prices, the decline in drilling for shale gas, and the increase in associated gas from oil drilling operations all contributed to a broad decline in the industry over the last few years. While natural gas prices are expected to rise over the next five years, production in the state is expected to gradually decline in keeping with its years long pattern of decline.

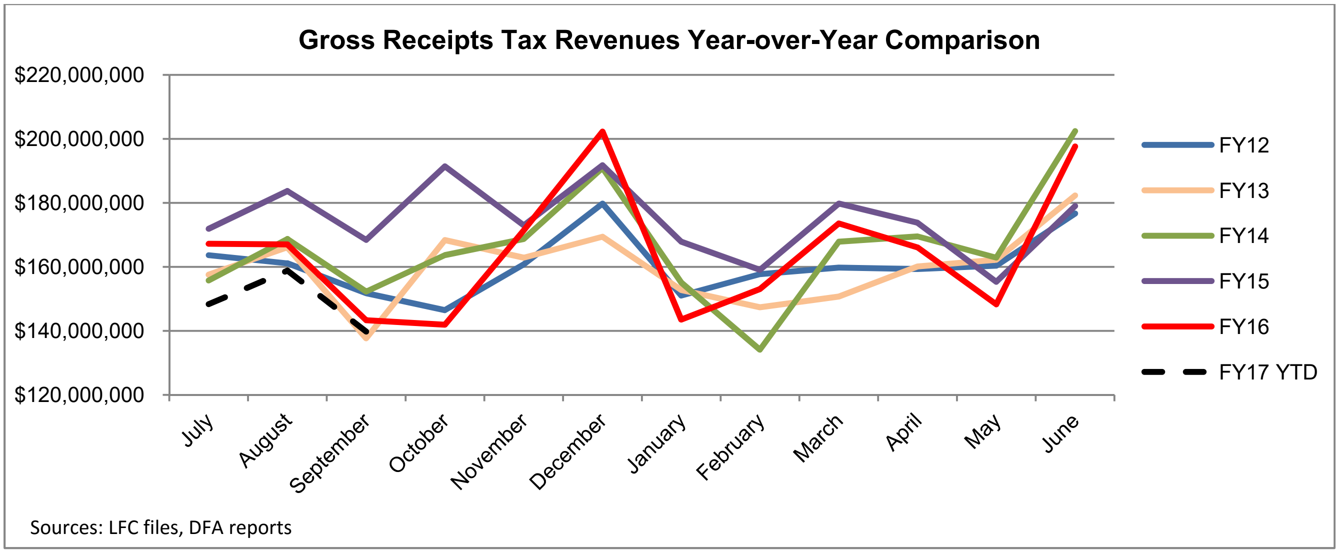


Attachment 9 (page 24) represents oil and gas prices since FY14 projected through the end of FY18. As a rule of thumb, a $1 change in the price of oil, sustained over the course of a full fiscal year, leads to a $9.5 million change in general fund revenue. For natural gas, a $0.10/mcf change in price over a fiscal year leads to $6.5 million change in general fund revenue.

<u>Revenue Outlook.</u>

- *Gross Receipts Tax.* The decline in oil prices and resulting fall in industry employment levels significantly impacted gross receipts taxes (GRT) in FY16, and the impact is continuing into FY17. Growth in most other industry sectors also fell in the first quarter of FY17 compared with the same period in the prior year. Revenues were down $120 million in FY16 compared with FY15, and the first quarter of FY17 fell another $31 million compared with the first quarter of FY16. The significant decline in active drilling rigs in the Permian Basin, combined with improved efficiencies that enable drilling and production with fewer workers, led to a 44 percent year-over-year decline in mining sector gross receipts in FY16, and another 38 percent decline in the first quarter of FY17.

  The revenue estimate projects recurring GRT revenues will decrease in FY17 by $107 million, or 5.4 percent. Economic growth is not expected to increase GRT revenues until FY18. Additionally, tax expenditures are creating a significant drag on growth, although two notable changes were made during the 2016 special legislative session that provide significant, positive impacts on revenues in FY18. The Legislature closed loopholes in medical deductions and the high-wage jobs tax credit that previously allowed unintended recipients to use the tax expenditures, and the Legislature also restricted the high-wage jobs tax credit in other ways to control the skyrocketing cost of the program. These changes result in positive impacts for FY18 and following years, resulting in non-economic growth of about 4 percent combining with 3.5 percent economic growth for the total growth rate of 7.5 percent in FY18.



Matched taxable gross receipts (MTGR), which reconcile tax returns against payments to account for total revenues generated by business activity within a given month, is the best indicator of underlying economic activity related to GRT. The oil, gas, and mining industry led the decline in MTGR in the first quarter of FY17 with a drop of 38.3 percent year-over-year, followed by declines in wholesale trade of 26.7 percent, transportation and warehousing of 22.7 percent, and manufacturing of 22.6 percent. Only three of the 14 industries shown in the table below had positive growth during the quarter.

Matched Taxable Gross Receipts by Industry July - September 2016

Industry	Matched Taxable Gross Receipts	Year-over-Year Change
Mining, Quarrying, and Oil and Gas Extraction	$442,645,142	-38.3%
Utilities	$622,505,628	-0.6%
Construction	$1,619,371,168	1.1%
Manufacturing	$368,985,838	-22.6%
Wholesale Trade	$453,465,694	-26.7%
Retail Trade	$2,901,049,482	-3.8%
Transportation and Warehousing	$142,106,135	-22.7%
Information	$632,521,528	-4.3%
Real Estate and Rental and Leasing	$301,455,251	-10.4%
Professional, Scientific, and Technical Services	$1,738,557,802	-1.0%
Administrative/Support & Waste Management/Remediation	$294,914,557	-8.8%
Health Care and Social Assistance	$714,910,104	9.6%
Leisure and Hospitality Services	$1,157,074,477	0.9%
Other Industries	$1,354,500,072	n/a
Total	**$12,744,062,878**	**-6.2%**

The health care industry leads all others in the state for job growth, and MTGR for the industry grew by 9.6 percent year-over-year during the first quarter of FY17. However, GRT revenues received from the industry increased by just 0.5 percent during the same period, and only 4.8 percent of all GRT revenues were attributable to the industry. While large and growing, the industry is largely untaxed and therefore unable to stem the losses from other industry sectors.

Lea, Roosevelt, and Eddy counties led the year-over-year declines in matched taxable gross receipts, down 34.5 percent, 32.2 percent, and 24.7 percent, respectively. The three counties with the highest gross receipts levels saw increases, preventing the downturn in revenues from becoming more severe. Bernalillo County grew by 2.1 percent, Dona Ana County grew 3 percent, and Santa Fe County grew 1.3 percent. However, five of the six next largest counties saw declines ranging from 34.5 percent to 4.2 percent.

- *Personal Income Tax.* Average weekly wages in New Mexico declined steadily over the last two years. Over that time, employment growth was high enough to more than offset that decline, resulting in personal income tax (PIT) revenue growth. However, the revised economic forecasts used by CREG call for an average of less than 0.4 percent employment growth in FY17. The resulting PIT forecast projects FY17 revenues will remain essentially flat compared with FY16. The gain in FY17 is just $3.8 million, and this is due to changes in distributions to the legislative retirement fund and the Retiree Health Care Act fund made during the 2016 special legislative session. The forecast assumes gradual growth in FY18 and later years as the economic forecasts call for improved economic conditions.

- *Corporate Income Tax.* Corporate income tax revenues are highly volatile and one of the most difficult revenue sources to forecast. FY16 revenues fell to about half of the FY15 level in large part due to economic conditions but also due to the effects of House Bill 641 (Laws 2013, Ch. 160), which made several changes to the corporate income tax code. The most notable changes, resulting in the largest fiscal impacts, were a phased-in rate reduction and single sales factor apportionment, allowing some companies, including manufacturing operations, to claim less revenue in New Mexico. These estimated impacts were used in projecting future CIT revenues; however,

Matched Taxable Gross Receipts by County (July - September 2016)

Jurisdiction	Matched Taxable Gross Receipts	Year-over-Year Change
Bernalillo County	$4,366,635,848	2.1%
Catron County	$9,969,063	-17.4%
Chaves County	$276,912,116	-4.2%
Cibola County	$93,938,273	0.8%
Colfax County	$77,192,731	3.6%
Curry County	$273,565,939	12.1%
De Baca County	$12,189,219	126.1%
Dona Ana County	$875,296,562	3.0%
Eddy County	$727,285,633	-24.7%
Grant County	$105,291,946	-4.5%
Guadalupe County	$28,014,018	16.6%
Harding County	$4,210,036	-6.8%
Hidalgo County	$22,883,181	32.7%
Lea County	$722,970,885	-34.5%
Lincoln County	$135,351,830	-2.1%
Los Alamos	$452,068,523	1.0%
Luna County	$85,491,157	3.7%
McKinley County	$272,912,231	-9.1%
Mora County	$8,680,137	-8.9%
Otero County	$238,923,859	0.1%
Quay County	$41,468,307	21.1%
Rio Arriba County	$102,425,481	-10.8%
Roosevelt County	$64,753,582	-32.2%
San Juan County	$729,145,002	-11.6%
San Miguel County	$84,495,692	-8.7%
Sandoval County	$378,850,363	-4.3%
Santa Fe County	$988,551,924	1.3%
Sierra County	$62,401,764	49.6%
Socorro County	$52,739,485	13.5%
Taos County	$187,794,104	-0.3%
Torrance County	$55,048,474	5.0%
Union County	$29,834,347	13.5%
Valencia County	$180,671,859	-2.8%

unknown external effects appear to be overwhelming the HB641 impact for the first four months of FY17, resulting in zero or negative CIT distributions for three of the four months.

Preliminary CIT revenues for July through October were $5.3 million –a drop of $36.3 million from the same period of time in FY16. This decline is far greater than estimated impacts from HB641 can account for, but TRD was unable to provide data to show what caused the decline. Quite possibly the decline in oil prices during FY16 resulted in large net operating losses that are now appearing. However, TRD reports the software system used to record CIT data makes it difficult or impossible to run automated queries for net operating loss information, and the agency was unable to review enough returns manually in time to provide concrete analysis for the revenue estimate. Without knowing what caused such a dramatic downturn in revenues, the estimates barely qualify as ballpark figures. Moving forward, LFC staff recommend TRD economists and IT personnel work together to determine how to make changes to the software that would enable far more detailed reporting.

- *Investment Earnings*. More than 80 percent of economists surveyed by *The Wall Street Journal* expect the Federal Reserve to raise short-term interest rates in December 2016, but many report the Federal Reserve is likely to keep interest rates low for at least the next couple of years, with some economists projecting a low interest rate environment for many years to come. Interest rates have an inverse relationship with State Treasurer earnings in the short term, and recent rate increases resulted in net earnings of negative $5.4 million as of November 21. Since total general fund revenues have declined significantly, core investment account balances are about half what they were a year ago, thus earnings in the last half of FY17 are unlikely to be as high as earnings for half of FY16. If interest rates stay constant, the agency could instead expect to earn roughly one-fourth of the FY16 total returns (one half of six months of earnings), which comes to about $5.4 million, offsetting the negative balance to date and resulting in zero net revenues for FY17. While there is some upside risk of earnings greater than one-fourth of FY16 total returns, that risk is offset by the downside risk of further negative accumulations if interest rates continue to rise. In the long-term, higher interest rates will help the agency's earnings, but for the current year they result in an estimate of no revenues. See Attachment 10 (page 25) for a detailed example of how this process could unfold throughout FY17.

  CREG estimates receiving $540.5 million in general fund distributions from the Land Grant Permanent Fund (LGPF) and $200.4 million from the Severance Tax Permanent Fund (STPF) in FY17. This represents a slight adjustment upward from the August estimate. When compared with their peers, the permanent fund earnings ranked below the median for all periods reported in the first quarter of FY17. However, this was partly the function of a more diversified portfolio. The stock market performed exceptionally well this quarter, meaning more volatile funds with greater reliance on stocks performed better, while those that rely on a more diversified and stable approach can appear to lag behind their peers in terms of absolute returns during those periods. In the first quarter, the funds exceeded their annual return targets of 7 percent for LGPF and 6.75 percent for STPF for the one- and five-year periods. The distribution rate to the general fund for LGPF and STPF remain 5 percent and 4.7 percent, respectively.

- *Insurance Premium Tax.* The rate at which members of the New Mexico Medical Insurance Pool (NMMIP) transition to either Medicaid or the exchange has been high in the last two years, but the pool's board is taking a lengthy approach to transitioning remaining members out of the pool. NMMIP assessments to insurers affect general fund revenue through the NMMIP credit, and NMMIP costs are rising beyond earlier projections, leading to lower general fund revenue estimates for FY18 and future years compared with the August 2016 estimate. The audit of premium tax revenues determined the state is owed nearly $200 million after reviewing about one-fourth of the returns, but the Office of Superintendent of Insurance (OSI) disputed the audit results, and the amounts that will be sent as assessments to the underpaying companies and the resulting general fund revenues are highly uncertain at this time. LFC staff are working with staff from DFA and the State Auditor's Office to resolve the situation with OSI and accurately determine the amounts to assess. However, a resolution leading to payment of back liabilities seems unlikely in FY17.

- *Federal Mineral Leasing.* According to the Department of the Interior's Office of Natural Resources Revenue, New Mexico was second only to Wyoming in revenues collected from energy and solid mineral production on federal lands for FY16. A large BLM sale that occurred in September 2016 led to an upward revision of the expected FY17 FML payments, and projected growth in oil and gas prices in FY18-21 led to upward revisions in the forecasts for FML payments during those years.

- *Tobacco Master Settlement Agreement (MSA).* The New Mexico Attorney General's Office projects receiving an annual payment of $39 million for the Tobacco Litigation MSA in April 2017, in addition to a one-time payment of approximately $9 million based on 2003 arbitration.
MSA Revenue Historical Summary:

	FY12	FY13	FY14	FY15	FY16	FY17
	Actual	Actual	Actual	Actual	Actual	Forecast
Net Revenue	$39.3	$39.0	$21.1	$35.0	$39.6	$48.0

Revenue Risks.

- *Revenue and Reporting Risk.* Issues with data availability and reliability contribute to revenue risk, and these risks are particularly high for some revenues in this estimate. For example, CIT revenues for the first four months of FY17 were $5.3 million due to zero or negative receipts for three of the four months. Typically, at least 20 percent of annual CIT revenues are received within the first four months, and only one year in the last 18 returned a lower percent during that period of time. While there is some upside risk to CIT because of the extreme uncertainty and fluctuations in this revenue source, there is substantial downside risk if FY17 continues the monthly revenue trend that all but one year in the last 18 exhibited. The lack of data to explain the swings in CIT revenues and the sudden, sharp decline at the start of FY17 are highly concerning.

  Furthermore, there must be a causal relationship between personal income levels and PIT revenues, and the long-term historical trends align to a reasonable degree. While personal income growth is not a perfect predictor of PIT revenue growth in the short term, there is a great discrepancy between the 3.5 percent personal income growth for FY16 reported by both BBER and Moody's and the 0.9 percent decline in PIT revenues for the year. Given relatively flat wages and positive employment growth, the question remains on why recurring revenues continue to drop considerably. Again, there is no reporting available to explain this substantial discrepancy, and without analysis from TRD to show why one could be strongly positive and the other negative, there is a chance this discrepancy could persist into FY17 and beyond, leading to decreasing PIT revenues despite growing personal income levels.

- *Oil Price and Volume Risk.* As observed over the course of the last two years, a significant portion of the state's revenues are generated from the activities of the petroleum industry. Deep volatility in market pricing, elevated international supply, and lower demand levels in tandem with the application of advanced technology in drilling and extraction methods have strongly influenced the expected flows of revenues. As the price of oil fell below $50/bbl, producers pulled back operations. This drop in prices led to broad layoffs in the industry, sales of oilfield equipment, foreclosures, and bankruptcies of oil companies. Subsequently, state tax revenues reflected this economic shift in the petroleum industry. As prices stabilize and companies adjust their activities to implement better efficiencies and technologies, production levels are expected to remain elevated. If prices fall to $30/bbl or $40/bbl, production may pull back.

- *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. IHS Global Insight published in its November 2016 *U.S. Economic Outlook* a 20 percent probability of a two-quarter recession at the end of 2017 and beginning of 2018. IHS expects it would be induced by domestic and global political risks causing broad uncertainty and undermining business confidence, along with muted productivity and stock market declines that could break consumer confidence. 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.

- *Federal Laboratories.* The federal government is reviewing bids from a variety of entities to take over management of Sandia National Laboratories. Currently, the for-profit management status of the laboratory allows the state to collect gross receipts taxes that would be lost if the management contract was given to a governmental or nonprofit organization. This is also a potential risk for Los Alamos National Laboratory (LANL) when its current management contract is put out to bid sometime after 2017. Both national laboratories and the National Nuclear Safety Administration, the federal oversight agency, worked with LFC staff to provide data to create ballpark estimates of GRT revenues that would be lost if the new management companies are nonprofits. The state would lose about $30 million annually with a switch at Sandia and about $24 million with a switch at LANL, and local governments would also incur significant losses, particularly Los Alamos.

- *Tax Expenditures and Tax Law Changes.* Significant potential exists for unforeseen increases in the cost of tax expenditures to impact state revenues. In recent years, several tax expenditures have had a larger fiscal impact than initially estimated, significantly contributing to revenue estimating error. In some cases, the revenue impacts have 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.

  The cost of medical deductions and related hold harmless payments is projected to increase significantly in FY17 due to a decision and order by the Administrative Hearing Office (AHO) in May 2016 to allow for-profit hospitals and facilities to qualify for the deductions, one of which could only be claimed by people filing as individual practitioners prior to the AHO decision. The hearing officer's decision resulted in a flurry of new and amended claims with an estimated general fund cost of about $49 million in FY17. The decision and order was essentially reversed through legislation in the special session, but that only affects claims for the deduction moving forward.

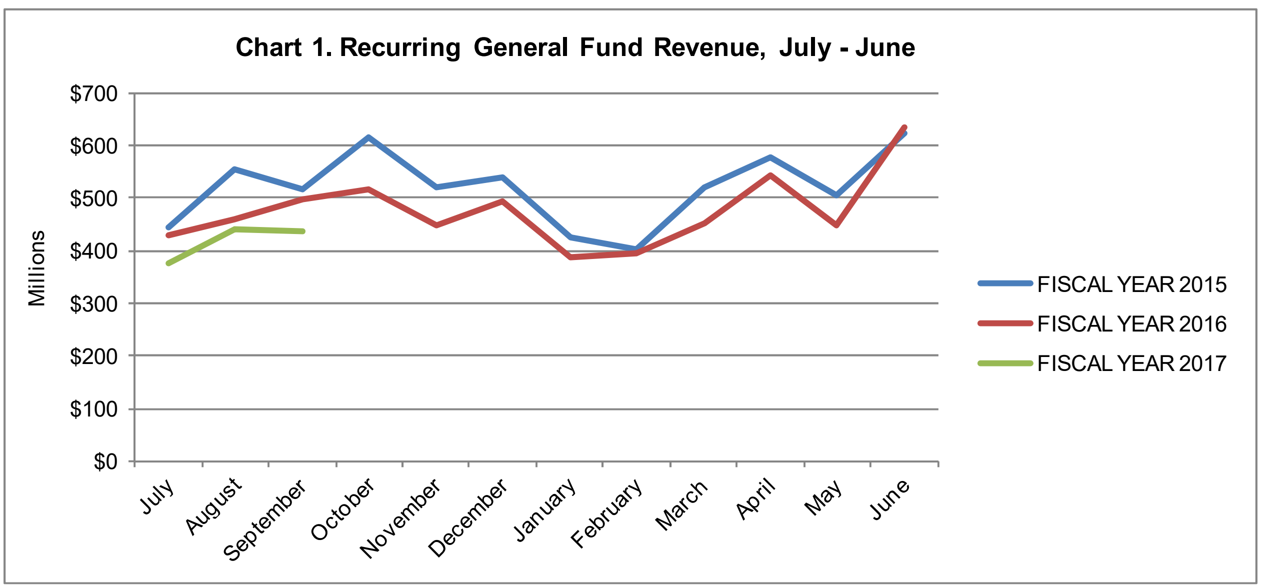
  To illustrate the cost of tax expenditures and tax law changes, the table below highlights LFC estimates of revenue impacts for the corporate income tax rate and income apportioning changes enacted in 2013, as well as several tax expenditures. Some of these, such as the CIT adjustments and the high-wage jobs tax credit, are difficult to estimate accurately due to revenue volatility and limited usefulness of historical data to predict future claims under significant statute changes and should be viewed as ballpark figures. The film production tax credit is well-defined due to the annual cap, which is a possible solution to other runaway tax expenditures. A cap for volatile credits would allow for far more precise revenue estimates and prevent significantly greater costs than intended.

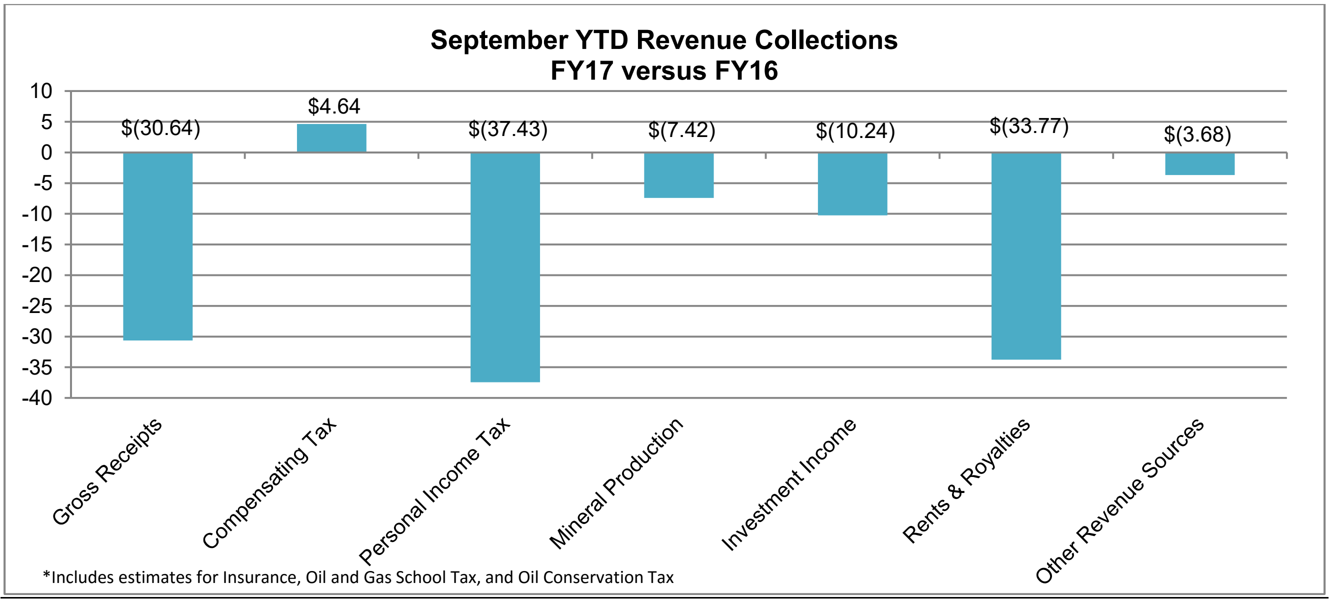
Selected Tax Law Changes / Tax Expenditures	FY16	FY17	FY18	FY19
Rate Reduction and Single-Sales Apportioning (CIT)	-39.8	-42.1	-68.8	-88.3
High-Wage Jobs Tax Credit (GRT)	-58.2	-36.0	-11.9	-10.6
Health Care Practitioner Deduction/Hold Harmless (GRT)	-73.8	-126.8	-72.4	-73.8
Manufacturing Deduction (GRT)	-20.0	-27.2	-37.0	-37.0
Construction Deduction (GRT)	-15.6	-13.0	-13.7	-13.7
Film Production Tax Credit (CIT)	-50.0	-50.0	-50.0	-50.0

- *Refunds and Data-Mining.* There are anecdotal reports that accountants and tax attorneys are attempting to increase client revenues by data-mining the tax code to search for any tax loopholes or tax expenditures that may be applicable. TRD reports this is a growing issue. This activity, made possible in part due to the complexity of the tax code and the high number of tax deductions, poses an ongoing revenue risk. In some years past, TRD would regularly come forward with a tax clean-up bill to close these loopholes and head off potential issues such as these. It would be helpful to restart that process and receive a draft bill from TRD each year to solve these issues as they arise.

- *Overall Uncertainty.* Due to uncertain economic conditions and revenue information, it will be imperative to closely track revenues over the coming months, and the mid-session revenue update will require significant research and analysis by members of the consensus revenue estimating group.

<u>FY17 Tracking.</u> The fiscal year started out with significant weakness in revenues. As of September FY17, year-to-date recurring revenues are down -9.4 percent compared with the same period in FY16.





General Fund Revenue Accruals: FY17 vs. FY16

Revenue Category	September Revenue	September Revenue	Fiscal Year-to-Date Through September		Year-over-Year Amount Change	Year-over-Year Growth	Projected Full-Year Growth: August 2016 Forecast
	FY16	FY17	FY16	FY17			
Gross Receipts Tax	$ 143.3	$ 139.8	$ 477.6	$ 446.9	$ (30.6)	-6.4%	-0.6%
Compensating Tax	$ 5.0	$ 7.3	$ 10.9	$ 15.5	$ 4.6	42.8%	6.0%
Selective Sales Taxes *	$ 28.2	$ 24.5	$ 131.0	$ 129.9	$ (1.1)	-0.8%	3.0%
Personal Income Tax	$ 167.8	$ 136.8	$ 353.0	$ 315.6	$ (37.4)	-10.6%	1.6%
Corporate Income Tax	$ 3.6	$ (9.4)	$ (1.8)	$ (14.1)	$ (12.3)	-688.2%	-16.7%
Mineral Production Taxes *	$ 26.5	$ 25.0	$ 81.7	$ 74.3	$ (7.4)	-9.1%	18.2%
License Fees	$ 2.4	$ 2.5	$ 6.6	$ 7.5	$ 0.9	12.9%	1.3%
Investment Income	$ 67.7	$ 62.9	$ 194.5	$ 184.3	$ (10.2)	-5.3%	-1.1%
Rents and Royalties	$ 36.1	$ 35.1	$ 114.1	$ 80.3	$ (33.8)	-29.6%	-3.4%
Tribal Revenue Sharing	$ 15.6	$ 12.2	$ 16.4	$ 12.9	$ (3.5)	-21.4%	-0.5%
Miscellaneous Receipts	$ 1.2	$ 1.1	$ 3.0	$ 3.1	$ 0.1	1.8%	13.1%
Reversions	$ 0.0	$ 0.0	$ 0.0	$ 0.0	$ 0.0	n/a	-11.1%
Subtotal Recurring Rev.	$ 497.4	$ 437.8	$ 1,387.1	$ 1,256.3	$ (130.8)	-9.4%	0.6%
Nonrecurring Revenue	$ (0.1)	$ (0.1)	$ (0.2)	$ 8.1	$ 8.4	n/a	n/a
Total Recurring Excluding Oil & Gas	$ 434.9	$ 377.7	$ 1,191.3	$ 1,101.7	$ (89.6)	-7.5%	1.8%
Total Revenue	$ 497.2	$ 437.8	$ 1,386.9	$ 1,264.4	$ (122.4)	-8.8%	1.4%

*Includes estimates for Insurance, Oil and Gas School Tax, and Oil Conservation Tax

General Fund Financial Summary. The summary shown on Attachment 4 (page 18) illustrates the changes in revenue estimates from the August 2016 consensus forecast with adjustments due to special legislative session action to the December 2016 consensus forecast. Revenues in FY16 fell below expenditures by $595 million, and revenues in FY17 are projected to fall below appropriations by $222.9 million, resulting in an operating reserve balance (shown on the second page of the attachment) of negative $114.6 million, down from the zero balance at the end of FY16. Total FY17 ending balances are projected at negative $69.1 million, down from a positive balance of $145.7 million at the end of FY16.

Attachment 1

U.S. and New Mexico Economic Indicators

		FY16		FY17		FY18		FY19		FY20		FY21	
		Aug 16 Forecast	Dec 16 Forecast	Aug 16 Forecast	Dec 16 Forecast	Aug 16 Forecast	Dec 16 Forecast	Aug 16 Forecast	Dec 16 Forecast	Aug 16 Forecast	Dec 16 Forecast	Aug 16 Forecast	Dec 16 Forecast
	National Economic Indicators												
GI	US Real GDP Growth (annual avg. ,% YOY)*	2.0	1.7	2.2	2.0	2.5	2.2	2.3	2.2	2.4	2.1	2.3	2.1
Moody's	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	1.6	1.9
GI	US Inflation Rate (CPI-U, annual avg., % YOY)**	0.7	0.7	1.8	1.9	2.4	2.5	2.4	2.4	2.5	2.4	2.6	2.5
Moody's	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	2.4	2.4
GI	Federal Funds Rate (%)	0.3	0.3	0.6	0.6	1.3	1.1	2.2	1.9	2.9	2.7	3.0	2.8
Moody's	Federal Funds Rate (%)	0.3	0.3	0.6	0.6	1.3	1.4	3.0	2.4	3.5	3.2	3.6	3.3
	New Mexico Labor Market and Income Data												
BBER	NM Non-Agricultural Employment Growth (%)	0.2	0.5	0.9	0.7	1.3	1.2	1.3	1.4	1.3	1.5	1.1	1.2
Moody's	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	0.3	0.6
BBER	NM Nominal Personal Income Growth (%)***	3.6	3.5	2.9	2.4	3.8	3.6	4.8	4.5	5.0	4.7	5.0	4.6
Moody's	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	3.3	3.8
BBER	NM Total Wages & Salaries Growth (%)	1.8	1.2	2.9	2.4	4.1	4.0	4.2	4.2	4.1	4.4	4.2	4.3
Moody's	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	2.8	3.1
BBER	NM Private Wages & Salaries Growth (%)	2.1	1.2	3.5	3.0	5.0	4.9	4.8	5.0	4.7	5.1	4.7	4.9
BBER	NM Real Gross State Product (% YOY)	-1.1	-0.5	1.4	0.4	2.3	2.3	2.4	2.3	2.3	2.2	2.6	2.4
Moody's	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	1.7	1.7
CREG	NM Oil Price ($/barrel)	$37.75	*$37.85*	$45.00	*$43.00*	$48.00	*$48.00*	$50.00	*$50.00*	$53.00	*$53.00*	$56.00	*$56.00*
BBER	Oil Volumes (million barrels)	145.6	146.1	137.5	139.2	139.1	140.1	145.1	144.5	152.7	150.8	160.2	156.8
CREG	NM Taxable Oil Volumes (million barrels)	146.0	*146.7*	140.0	*143.0*	140.0	*143.0*	140.0	*143.0*	140.0	*143.0*	140.0	*143.0*
	NM Taxable Oil Volumes (%YOY growth)	3.3%	*3.7%*	-4.1%	*-2.5%*	0.0%	*0.0%*	0.0%	*0.0%*	0.0%	*0.0%*	0.0%	*0.0%*
CREG	NM Gas Price ($ per thousand cubic feet)****	$2.40	*$2.42*	$3.00	*$3.15*	$3.30	*$3.31*	$3.40	*$3.26*	$3.50	*$3.35*	$3.50	*$3.45*
BBER	Gas Volumes (billion cubic feet)	1,167	1,170	1,151	1,154	1,153	1,117	1,116	1,090	1,104	1,067	1101	1,046
CREG	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*	965	*1,008*
	NM Taxable Gas Volumes (%YOY growth)	-2.1%	*-1.1%*	-3.4%	*-2.6%*	-3.6%	*-3.1%*	-3.7%	*-3.0%*	-3.8%	*-2.9%*	-3.5%	*-3.4%*

<u>LFC, TRD Notes</u>
* 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 2016 FOR-UNM baseline. Global Insight - November 2016 baseline.

DFA Notes
* Real GDP is BEA chained 2005 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, and Moodys (June) future prices as well as a liquid premium based on oil price forecast
Sources: November 2016 Moody's economy.com baseline

General Fund Consensus Revenue Estimate December 2016

Revenue Source	FY16					FY17							FY18						
	Aug 2016 Est.	Pre-liminary Actual	Change from Prior	% Change from FY15	$ Change from FY15	Aug 2016 Est.	2016 Special Session Action	Adj. August 2016 Est.	Dec 2016 Est.	Change from Prior	% Change from FY16	$ Change from FY16	Aug 2016 Est.	2016 Special Session Action	Adj. August 2016 Est.	Dec 2016 Est.	Change from Prior	% Change from FY17	$ Change from FY17
Gross Receipts Tax	1,957.2	1,975.4	18.2	-5.7%	(119.7)	1,944.5	9.2	1,953.7	1,868.6	(85.1)	-5.4%	(106.8)	2,089.7	25.9	2,115.6	2,007.9	(107.7)	7.5%	139.3
Compensating Tax	46.7	46.9	0.2	-34.7%	(25.0)	49.5		49.5	50.0	0.5	6.7%	3.1	53.0		53.0	53.5	0.5	7.0%	3.5
TOTAL GENERAL SALES	2,003.9	2,022.3	18.4	-6.7%	(144.7)	1,994.0	9.2	2,003.2	1,918.6	(84.6)	-5.1%	(103.7)	2,142.7	25.9	2,168.6	2,061.4	(107.2)	7.4%	142.8
Tobacco Taxes	75.6	79.8	4.2	-3.1%	(2.5)	75.0		75.0	75.0	-	-6.0%	(4.8)	74.5		74.5	74.5	-	-0.7%	(0.5)
Liquor Excise	6.7	6.7	0.0	-74.4%	(19.5)	6.9		6.9	6.9	-	2.5%	0.2	26.1		26.1	26.1	-	278.3%	19.2
Insurance Taxes	208.0	207.9	(0.1)	38.7%	58.1	230.0		230.0	229.2	(0.8)	10.2%	21.3	250.0		250.0	238.6	(11.4)	4.1%	9.4
Fire Protection Fund Reversion	15.1	15.1	(0.0)	-0.6%	(0.1)	13.1	1.7	14.8	15.5	0.7	2.9%	0.4	11.8	3.4	15.2	15.9	0.7	2.6%	0.4
Motor Vehicle Excise	149.8	150.4	0.6	8.4%	11.7	148.5		148.5	142.5	(6.0)	-5.2%	(7.9)	153.6		153.6	147.5	(6.1)	3.5%	5.0
Gaming Excise	63.0	63.1	0.1	-10.5%	(7.4)	62.0		62.0	58.5	(3.5)	-7.2%	(4.6)	62.6		62.6	58.0	(4.6)	-0.9%	(0.5)
Leased Vehicle Surcharge	5.5	5.5	0.0	5.7%	0.3	5.4		5.4	5.4	-	-2.5%	(0.1)	5.4		5.4	5.4	-	0.0%	-
Other	3.6	3.0	(0.6)	511.7%	2.5	2.1		2.1	2.2	0.1	-27.1%	(0.8)	2.1		2.1	2.2	0.1	0.0%	-
TOTAL SELECTIVE SALES	527.3	531.5	4.2	8.8%	43.0	543.0	1.7	544.7	535.2	(9.5)	0.7%	3.7	586.1	3.4	589.5	568.2	(21.3)	6.2%	33.0
Personal Income Tax	1,317.6	1,327.2	9.6	-0.9%	(12.5)	1,339.0	4.2	1,343.2	1,331.0	(12.2)	0.3%	3.8	1,365.0	9.7	1,374.7	1,346.0	(28.7)	1.1%	15.0
Corporate Income Tax	120.0	118.5	(1.5)	-53.4%	(136.0)	100.0		100.0	70.0	(30.0)	-40.9%	(48.5)	88.0		88.0	100.0	12.0	42.9%	30.0
TOTAL INCOME TAXES	1,437.6	1,445.7	8.1	-9.3%	(148.5)	1,439.0	4.2	1,443.2	1,401.0	(42.2)	-3.1%	(44.7)	1,453.0	9.7	1,462.7	1,446.0	(16.7)	3.2%	45.0
Oil and Gas School Tax	233.1	236.8	3.7	-36.9%	(138.6)	289.5		289.5	273.3	(16.2)	15.4%	36.5	302.0		302.0	295.9	(6.1)	8.3%	22.6
Oil Conservation Tax	11.3	11.4	0.1	-43.4%	(8.7)	13.8		13.8	14.3	0.5	25.7%	2.9	14.9		14.9	15.5	0.6	8.4%	1.2
Resources Excise Tax	11.2	11.2	0.0	-16.0%	(2.1)	13.0		13.0	13.0	-	16.0%	1.8	13.0		13.0	13.0	-	0.0%	-
Natural Gas Processors Tax	20.4	20.4	(0.0)	9.5%	1.8	10.0		10.0	10.0	-	-50.9%	(10.4)	10.1		10.1	10.9	0.8	9.0%	0.9
TOTAL SEVERANCE TAXES	276.0	279.8	3.8	-34.6%	(147.7)	326.3		326.3	310.6	(15.7)	11.0%	30.8	340.0		340.0	335.3	(4.7)	8.0%	24.7
LICENSE FEES	54.8	54.8	0.0	-1.9%	(1.1)	55.5		55.5	55.8	0.3	1.7%	0.9	56.6		56.6	56.9	0.3	2.0%	1.1
LGPF Interest	555.1	555.1	0.0	10.4%	52.3	538.2		538.2	540.5	2.3	-2.6%	(14.6)	583.8		583.8	580.7	(3.1)	7.4%	40.2
STO Interest	21.6	21.6	0.0	27.2%	4.6	23.3		23.3	-	(23.3)	-100.0%	(21.6)	22.7		22.7	19.7	(3.0)	#DIV/0!	19.7
STPF Interest	193.5	193.5	0.0	5.9%	10.8	200.6		200.6	200.4	(0.2)	3.6%	6.9	210.6		210.6	210.6	-	5.1%	10.2
TOTAL INTEREST	770.2	770.3	0.0	9.6%	67.8	762.1		762.1	740.9	(21.2)	-3.8%	(29.4)	817.1		817.1	811.0	(6.1)	9.5%	70.1
Federal Mineral Leasing	390.0	390.0	0.0	-28.1%	(152.2)	376.0		376.0	420.0	44.0	7.7%	30.0	398.0		398.0	434.0	36.0	3.3%	14.0
State Land Office	53.8	47.8	(6.0)	13.2%	5.6	52.7		52.7	55.0	2.3	15.0%	7.2	53.7		53.7	55.0	1.3	0.0%	-
TOTAL RENTS & ROYALTIES	443.8	437.8	(6.0)	-25.1%	(146.6)	428.7	-	428.7	475.0	46.3	8.5%	37.2	451.7		451.7	489.0	37.3	2.9%	14.0
TRIBAL REVENUE SHARING	62.2	64.4	2.2	-4.1%	(2.8)	61.9		61.9	64.2	2.3	-0.3%	(0.2)	61.2		61.2	64.7	3.5	0.7%	0.5
MISCELLANEOUS RECEIPTS	51.3	48.1	(3.2)	-14.4%	(8.1)	58.0		58.0	61.5	3.5	28.0%	13.4	59.0		59.0	56.7	(2.3)	-7.8%	(4.8)
REVERSIONS	45.0	55.2	10.2	7.3%	3.7	40.0	7.5	47.5	37.5	(10.0)	-32.1%	(17.7)	50.0		50.0	40.0	(10.0)	6.7%	2.5
TOTAL RECURRING	5,672.1	5,708.8	36.7	-7.8%	(485.9)	5,708.4	22.6	5,731.0	5,600.2	(130.8)	-1.9%	(108.6)	6,017.4	39.0	6,056.4	5,929.1	(127.3)	5.9%	328.9
TOTAL NON-RECURRING	18.5	3.3	(15.2)	na	(37.9)	62.0	186.3	248.3	202.8	(45.5)	na	199.5	-		-	-	-	na	(202.8)
GRAND TOTAL	5,690.6	5,712.1	21.5	-8.4%	(523.8)	5,770.4	208.9	5,979.3	5,803.0	(176.3)	1.6%	90.9	6,017.4	39.0	6,056.4	5,929.1	(127.3)	2.2%	126.1

Note: FY16 Preliminary actual revenues are being adjusted to match 2016 preliminary unaudited financial statements, and additional adjustments may be necessary.

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

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

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
TOTAL GENERAL SALES	2,225.1	2,161.6	(63.5)	4.9%	100.2	2,304.5	2,272.2	(32.3)	5.1%	110.6	2,379.7	2,375.5	(4.2)	4.5%	103.3
Tobacco Taxes	74.0	74.0	-	-0.7%	(0.5)	73.5	73.5	-	-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%	-
TOTAL SELECTIVE SALES	607.8	590.8	(17.0)	4.0%	22.6	626.5	615.5	(11.0)	4.2%	24.7	644.0	638.6	(5.4)	3.8%	23.1
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
TOTAL INCOME TAXES	1,486.0	1,463.0	(23.0)	1.2%	17.0	1,538.0	1,499.0	(39.0)	2.5%	36.0	1,588.0	1,555.0	(33.0)	3.7%	56.0
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%	-
TOTAL SEVERANCE TAXES	337.1	340.7	3.6	1.6%	5.4	346.4	353.5	7.1	3.8%	12.8	356.6	365.7	9.1	3.5%	12.2
LICENSE FEES	57.9	58.1	0.2	2.2%	1.3	59.3	59.6	0.3	2.5%	1.5	59.3	61.3	2.0	2.9%	1.7
LGPF Interest	613.2	614.6	1.4	5.8%	33.9	636.3	639.6	3.3	4.1%	25.0	657.5	662.9	5.4	3.6%	23.3
STO Interest	28.4	28.0	(0.4)	42.1%	8.3	41.4	38.5	(2.9)	37.5%	10.5	46.7	45.3	(1.4)	17.7%	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
TOTAL INTEREST	858.6	861.0	2.4	6.2%	50.0	902.3	901.8	(0.5)	4.7%	40.8	941.0	936.5	(4.5)	3.8%	34.7
Federal Mineral Leasing	420.0	435.0	15.0	0.2%	1.0	433.0	445.0	12.0	2.3%	10.0	445.0	457.0	12.0	2.7%	12.0
State Land Office	55.2	55.0	(0.2)	0.0%	-	55.7	55.0	(0.7)	0.0%	-	55.7	55.0	(0.7)	0.0%	-
TOTAL RENTS & ROYALTIES	475.2	490.0	14.8	0.2%	1.0	488.7	500.0	11.3	2.0%	10.0	500.7	512.0	11.3	2.4%	12.0
TRIBAL REVENUE SHARING	63.6	67.7	4.1	4.6%	3.0	63.5	68.2	4.7	0.8%	0.5	63.6	69.2	5.6	1.5%	1.0
MISCELLANEOUS RECEIPTS	59.9	59.5	(0.4)	4.9%	2.8	61.0	62.9	1.9	5.7%	3.4	61.0	66.6	5.6	5.9%	3.7
REVERSIONS	50.0	50.0	-	25.0%	10.0	50.0	50.0	-	0.0%	-	50.0	50.0	-	0.0%	-
TOTAL RECURRING	6,221.2	6,142.4	(78.8)	3.6%	213.3	6,440.1	6,382.7	(57.4)	3.9%	240.3	6,643.8	6,630.3	(13.5)	3.9%	247.7
TOTAL NON-RECURRING	-	-	-	na	-	-	-	-	na	-	-	-	-	na	-
GRAND TOTAL	6,221.2	6,142.4	(78.8)	3.4%	213.3	6,440.1	6,382.7	(57.4)	3.9%	240.3	6,643.8	6,630.3	(13.5)	3.9%	247.7

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

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

FISCAL YEAR 2017 GENERAL FUND MONTHLY REVENUE TRACKING

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

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Row #		July Actual	Aug Actual	Sept Actual	Oct Est.	Nov Est.	Dec Est.	Jan Est.	Feb Est.	Mar Est.	Apr Est.	May Est.	June Est.	FY17 Actual + Estimate	FY 17 Forecast	YTD % Δ	YTD $ Δ
		ESTIMATED REVENUE ACCRUALS												FY17	TRACKING CHANGE (Δ)		
1	Gross Receipts Tax	**148.4**	**158.8**	**139.8**	163.0	163.3	180.7	154.6	148.1	153.5	165.2	155.1	185.7	1,916.0	1,944.5	-1.5%	(28.5)
2	Compensating Tax	**3.9**	**4.4**	**7.3**	4.8	3.7	4.2	3.8	3.7	4.4	3.8	3.9	4.8	52.7	49.5	6.5%	3.2
3	TOTAL GENERAL SALES TAXES	**152.2**	**163.2**	**147.0**	167.8	166.9	184.9	158.4	151.8	157.9	169.0	159.0	190.5	1,968.7	1,994.0	-1.3%	(25.3)
4	Tobacco Products & Cigarette Taxes	**6.2**	**8.2**	**5.9**	6.3	6.1	6.5	5.5	5.9	6.2	6.2	5.9	8.0	76.7	75.0	2.3%	1.7
5	Liquor Excise Tax	**0.5**	**0.6**	**0.5**	0.6	0.6	0.7	0.4	0.5	0.6	0.6	0.6	0.7	6.8	6.9	-2.0%	(0.1)
6	Insurance Premiums Tax	**0.2**	**52.8**	2.0	2.0	53.5	2.0	2.0	53.5	2.0	2.0	53.5	2.0	227.5	230.0	-1.1%	(2.5)
7	Fire Protection Fund Reversion	-	-	-	-	-	-	-	-	-	-	-	13.1	13.1	13.1	0.0%	-
8	Motor Vehicle Excise Tax	**11.3**	**13.9**	**11.0**	12.5	10.5	10.8	12.2	11.2	13.8	13.5	13.7	13.1	147.4	148.5	-0.7%	(1.1)
9	Gaming Excise Tax	**5.2**	4.7	4.7	4.9	4.9	5.1	5.0	5.2	5.8	5.2	5.5	4.9	61.3	62.0	-1.2%	(0.7)
10	Leased Vehicle Surcharge	**0.5**	**0.6**	**0.5**	0.6	0.4	0.3	0.3	0.3	0.4	0.4	0.5	0.5	5.5	5.4	0.9%	0.1
11	Other	**0.1**	**0.5**	**(0.1)**	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	2.1	2.1	-0.7%	(0.0)
12	TOTAL SELECTIVE SALES TAXES	**24.2**	**81.3**	**24.5**	27.1	76.1	25.6	25.7	76.8	28.9	28.0	79.8	42.4	540.4	543.0	-0.5%	(2.6)
13	Withholding	**99.4**	**86.0**	**109.8**	96.5	93.9	135.2	94.4	98.8	107.7	94.8	99.1	108.8	1,224.5	1,222.8	0.1%	1.7
14	Final Settlements	-	**12.3**	**41.6**	17.1	11.5	20.9	52.8	11.6	34.2	139.9	25.7	63.7	431.4	434.0	-0.6%	(2.6)
15	Oil and Gas Withholding Tax	-	**0.2**	**3.7**	12.4	2.5	3.7	11.9	3.0	4.2	10.8	5.4	16.3	74.2	75.6	-1.9%	(1.4)
16	Fiduciary Tax	**(0.3)**	**0.3**	**(0.2)**	0.0	0.3	0.9	(0.0)	(0.0)	3.5	0.4	1.4	(0.3)	6.0	7.0	-14.1%	(1.0)
17	Gross Personal Income Tax	**99.1**	**98.9**	**155.0**	126.1	108.2	160.8	159.1	113.4	149.7	246.0	131.6	188.5	1,736.2	1,739.4	-0.2%	(3.2)
18	Transfer to PIT Suspense	**(6.4)**	**(7.4)**	**(15.5)**	(6.4)	(6.9)	(88.2)	(95.6)	(67.7)	(43.6)	(18.5)	(11.2)	(7.4)	(374.8)	(367.7)	1.9%	(7.1)
19	Retiree Health Care	**(2.7)**	**(2.7)**	**(2.7)**	(2.7)	(2.7)	(2.7)	(2.7)	(2.7)	(2.7)	(2.7)	(2.7)	(3.0)	(32.7)	(32.7)	0.0%	0.0
20	Less: Refunds, distributions to other funds	**(9.1)**	**(10.1)**	**(18.2)**	(9.1)	(9.6)	(90.9)	(98.3)	(70.4)	(46.3)	(21.2)	(13.9)	(10.4)	(407.5)	(400.4)	1.8%	(7.1)
21	NET PERSONAL INCOME TAX	**90.0**	**88.8**	**136.8**	116.9	98.6	69.9	60.8	43.0	103.4	224.8	117.6	178.1	1,328.7	1,339.0	-0.8%	(10.3)
22	Gross Corporate Payments	-	**(4.7)**	**(9.4)**	*19.3*	9.4	(1.0)	22.9	(1.2)	14.7	6.3	6.9	20.6	84.0	100.0	-16.0%	(16.0)
23	Less: Refunds, Credits & Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-
24	NET CORPORATE INCOME TAX	-	**(4.7)**	**(9.4)**	*19.3*	9.4	(1.0)	22.9	(1.2)	14.7	6.3	6.9	20.6	84.0	100.0	-16.0%	(16.0)
25	TOTAL INCOME TAXES	**90.0**	**84.1**	**127.5**	136.3	108.0	68.9	83.7	41.8	118.1	231.1	124.5	198.8	1,412.6	1,439.0	-1.8%	(26.4)
26	Oil and Gas School Tax	**22.0**	**22.1**	22.0	23.8	23.2	24.9	25.1	22.9	26.6	25.6	24.3	24.5	286.9	289.5	-0.9%	(2.6)
27	Oil Conservation Tax	**1.0**	**1.0**	1.1	1.2	1.1	1.2	1.1	1.1	1.2	1.1	1.4	1.0	13.6	13.8	-1.7%	(0.2)
28	Resources Excise Tax	**0.8**	**0.8**	**0.9**	1.1	1.2	1.0	1.3	1.0	1.1	0.9	1.1	1.1	12.4	13.0	-4.8%	(0.6)
29	Natural Gas Processors Tax	**0.9**	**0.8**	**1.0**	0.9	0.8	0.8	0.8	0.7	0.8	0.8	0.8	0.8	10.1	10.0	1.1%	0.1
30	TOTAL MINERAL PROD. TAXES	**24.7**	**24.6**	**25.0**	26.9	26.3	27.9	28.3	25.8	29.8	28.5	27.6	27.5	323.0	326.3	-1.0%	(3.3)
31	LICENSE FEES	**2.2**	**2.7**	**2.5**	3.2	3.1	15.6	7.1	3.3	3.3	3.1	3.3	3.2	52.7	55.5	-5.1%	(2.8)
32	Land Grant Perm. Fund Distributions	**45.1**	**45.1**	**45.1**	44.9	44.9	44.9	44.9	44.9	44.9	44.9	44.9	44.9	538.9	538.2	0.1%	0.7
33	State Treasurer's Earnings	**(0.2)**	**(2.0)**	**1.1**	*(1.1)*	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	13.4	23.3	-42.7%	(9.9)
34	Severance Tax Perm. Fund Distributions	**16.7**	**16.7**	**16.7**	16.7	16.7	16.7	16.7	16.7	16.7	16.7	16.7	16.7	200.6	200.6	0.0%	(0.0)
35	TOTAL INVESTMENT EARNINGS	**61.6**	**59.8**	**62.9**	60.5	63.5	63.5	63.5	63.5	63.5	63.5	63.5	63.5	752.8	762.1	-1.2%	(9.3)
36	Federal Mineral Leasing Royalties	**19.6**	**22.3**	**33.1**	*52.8*	*26.5*	26.4	26.4	26.4	26.4	26.4	26.4	96.3	409.1	376.0	8.8%	33.1
37	State Land Office Bonuses, Rents	**0.1**	**3.2**	**2.0**	*13.3*	2.9	4.0	3.7	3.6	3.5	3.3	5.2	5.1	49.8	52.7	-5.5%	(2.9)
38	TOTAL RENTS & ROYALTIES	**19.7**	**25.5**	**35.1**	66.2	29.4	30.4	30.1	30.0	29.9	29.7	31.6	101.4	458.9	428.7	7.1%	30.2
39	TRIBAL REVENUE SHARING	**0.7**	-	**12.2**	0.1	0.0	14.4	0.2	0.2	15.6	0.2	0.1	15.5	59.3	61.9	-4.2%	(2.6)
40	MISCELLANEOUS RECEIPTS	**1.1**	**0.9**	**1.1**	1.2	*8.7*	10.8	2.8	1.1	11.6	6.1	1.6	17.6	64.7	58.0	11.5%	6.7
41	REVERSIONS	-	**0.0**	**0.0**	0.2	0.4	0.3	3.1	1.2	7.1	0.4	2.0	25.1	40.0	40.0	-0.1%	(0.0)
42	TOTAL RECURRING REVENUE	**376.3**	**442.1**	**437.8**	**489.3**	**482.6**	**442.5**	**402.9**	**395.6**	**465.6**	**559.7**	**493.0**	**685.5**	**5,673.0**	**5,708.4**	**-0.6%**	**(35.4)**
43	Non-Recurring	**8.0**	**0.2**	**(0.1)**	-	-	-	-	-	-	-	-	54.0	62.1	62.0		0.1
44	TOTAL NON-RECURRING REVENUE	**8.0**	**0.2**	**(0.1)**	-	-	-	-	-	-	-	-	54.0	62.1	62.0		0.1
45	GRAND TOTAL REVENUE	**384.3**	**442.4**	**437.8**	**489.3**	**482.6**	**442.5**	**402.9**	**395.6**	**465.6**	**559.7**	**493.0**	**739.5**	**5,735.2**	**5,770.4**	**-0.6%**	**(35.3)**

Estimates are developed by LFC and based on the consensus revenue estimate and historical monthly patterns; the FML estimate for June includes $69.9 million from a BLM lease sale (the month in which the revenue will be received is uncertain)

General Fund Financial Summary:
December 2016 Consensus Revenue Estimate
(in millions of dollars)

December 2, 2016	Preliminary FY2016	Estimate FY2017	Estimate FY2018
APPROPRIATION ACCOUNT			
REVENUE			
Recurring Revenue			
August 2016 Recurring Revenue Forecast Adjusted for Special Session Action	$ 5,672.1	$ 5,731.0	$ 6,056.4
December 2016 Revenue Forecast	$ 36.7	$ (130.8)	$ (127.3)
Total Recurring Revenue	$ 5,708.8	$ 5,600.2	$ 5,929.1
January 2016 Nonrecurring Revenue Update	$ 3.3	$ -	$ -
2016 Session Nonrecurring Revenue Legislation (HB311)		$ 74.3	$ -
2016 Special Session Nonrecurring Revenue Legislation (SB2, SB8)	$ -	$ 128.5	
Total Nonrecurring Revenue	$ 3.3	$ 202.8	$ -
TOTAL REVENUE	**$ 5,712.1**	**$ 5,803.0**	**$ 5,929.1**
APPROPRIATIONS			
Recurring Appropriations			
General Appropriation	$ 6,234.7	$ -	
2016 Legislation & Feed Bill	$ 6.2	$ 6,228.3	New Money in FY18 is -$93.0
2016 Legislation FY16 Sanding	$ (31.0)		
2016 Special Session Recurring Appropriation Reductions (SB9, not inc. G-1)	$ -	$ (206.3)	
~~2016 Special Session PED Recurring Appropriation Reduction (SB9, Section G-1)~~	$ -	~~$ (22.0)~~	
Total Recurring Appropriations	$ 6,209.9	$ 6,022.1	
Nonrecurring Appropriations			
Prior Year Appropriations	$ 31.0	$ -	
2014 Regular Session - Legislation			
2016 Legislation	$ 66.2	$ 1.3	
2016 Special Session Nonrecurring Appropriations (SB6, SB9)		$ 2.5	
Total Nonrecurring Appropriations	$ 97.2	$ 3.8	
TOTAL APPROPRIATIONS	**$ 6,307.1**	**$ 6,025.9**	
Transfer to (from) Reserves	$ (595.0)	$ (222.9)	
GENERAL FUND RESERVES			
Beginning Balances	$ 713.1	$ 145.7	
Transfers from (to) Appropriations Account	$ (595.0)	$ (222.9)	
Revenue and Reversions	$ 105.9	$ 63.5	
Appropriations, Expenditures and Transfers Out	$ (78.4)	$ (55.3)	
Ending Balances	**$ 145.7**	**$ (69.1)**	
Reserves as a Percent of Recurring Appropriations	*2.3%*	*-1.1%*	

Notes:

^2016 numbers are preliminary unaudited, and adjustments may be needed to match the 2016 audit.

^Red text with strikethrough denotes a vetoed item and is not included in the totals.

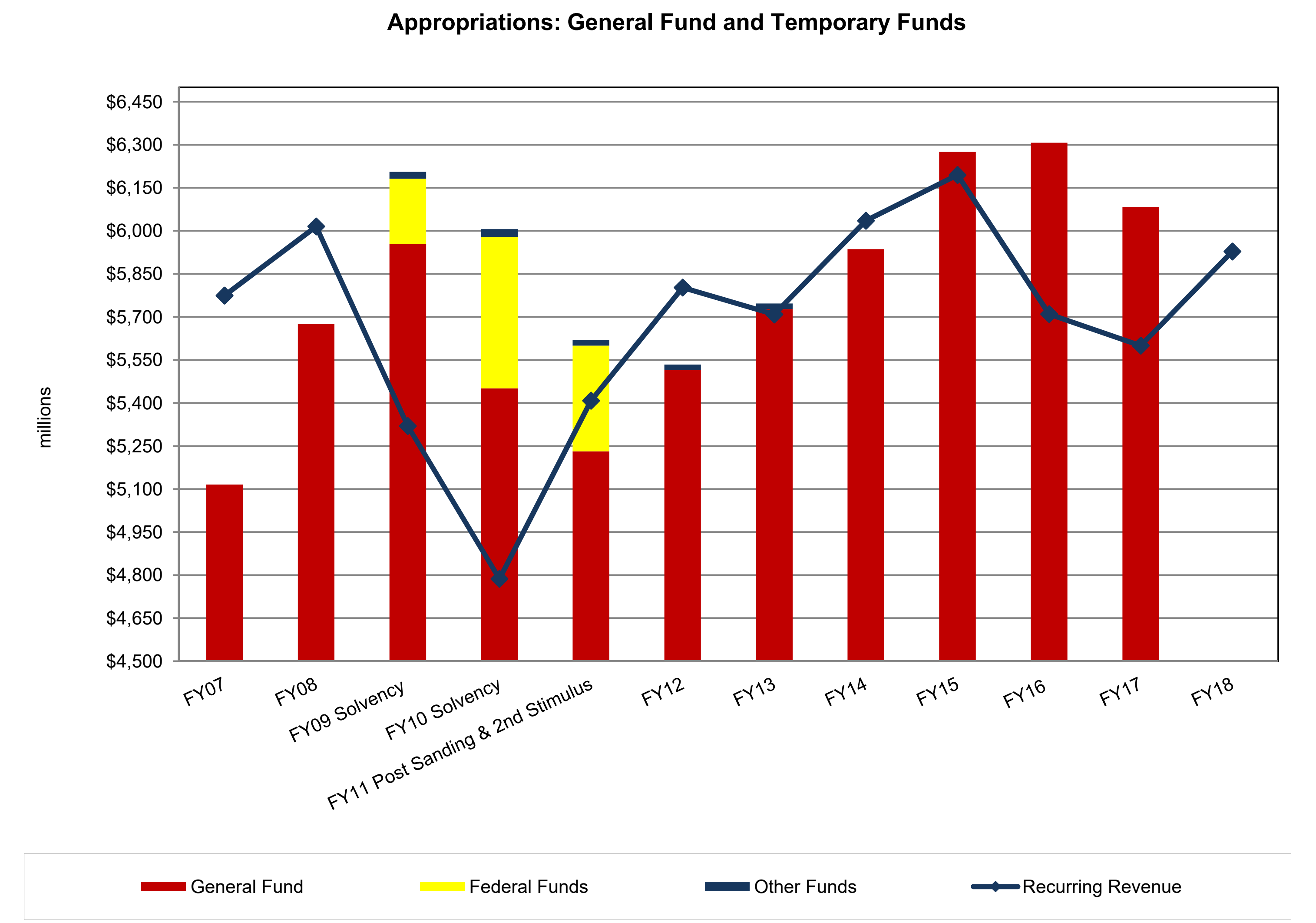
General Fund Financial Summary:
December 2016 Consensus Revenue Estimate
RESERVE DETAIL
(in millions of dollars)

	Preliminary FY2016	Estimate FY2017	Estimate FY2018
OPERATING RESERVE			
Beginning Balance	$ 319.8	$ -	$ (114.6)
BOF Emergency Appropriations/Reversions	$ (2.0)	$ (2.0)	
Transfers from/to Appropriation Account	$ (595.0)	$ (222.9)	
Transfer to ACF/Other Appropriations	$ (20.0)	$ -	
Reversal of Contingency for Unreconciled Accounts	$ -	$ -	
2016 Revenue Legislation (HB 311)	$ 40.6	$ -	
Transfer from Tax Stabilization Reserve	$ 147.5	$ -	
Transfer from Tobacco Permanent Fund (SB2)	$ 109.0	$ 110.4	
Ending Balance	$ -	$ (114.6)	
APPROPRIATION CONTINGENCY FUND			
Beginning Balance	$ 28.4	$ 34.3	$ 26.0
Disaster Allotments	$ (16.3)	$ (16.0)	$ (16.0)
Other Appropriations	$ -	$ (0.3)	$ -
Transfers In	$ 20.0	$ -	
Revenue and Reversions	$ 2.2	$ 8.0	
Ending Balance	$ 34.3	$ 26.0	
Education Lock Box			
Beginning Balance	$ -	$ -	$ -
Appropriations	$ -	$ -	
Transfers In	$ -	$ -	
Ending Balance	$ -	$ -	
Total of Appropriation Contingency Fund	$ 34.3	$ 26.0	
STATE SUPPORT FUND			
Beginning Balance	$ 1.0	$ 1.0	$ 2.4
Revenues*	$ -	$ 1.4	$ -
Appropriations	$ -	$ -	
Ending Balance	$ 1.0	$ 2.4	
TOBACCO PERMANENT FUND			
Beginning Balance	$ 216.4	$ 110.4	$ 17.1
Transfers In	$ 39.6	$ 48.0	$ 39.0
Appropriation to Tobacco Settlement Program Fund	$ (18.5)	$ (18.5)	
Gains/Losses	$ 3.6	$ 6.1	$ 1.5
Additional Transfers from TSPF	$ (21.6)	$ (18.5)	
Transfer to General Fund Appropriation Account (SB2)	$ (109.0)	$ (110.4)	
Ending Balance	$ 110.4	$ 17.1	
TAX STABILIZATION RESERVE			
Beginning Balance	$ 147.5	$ -	$ -
Transfers In	$ -	$ -	$ -
Transfer Out to Operating Reserve (Contingent on Solvency Bill)	$ (147.5)	$ -	$ -
Ending Balance	$ -	$ -	$ -
GENERAL FUND ENDING BALANCES	**$ 145.6**	**$ (69.1)**	
Percent of Recurring Appropriations	*2.3%*	*-1.1%*	

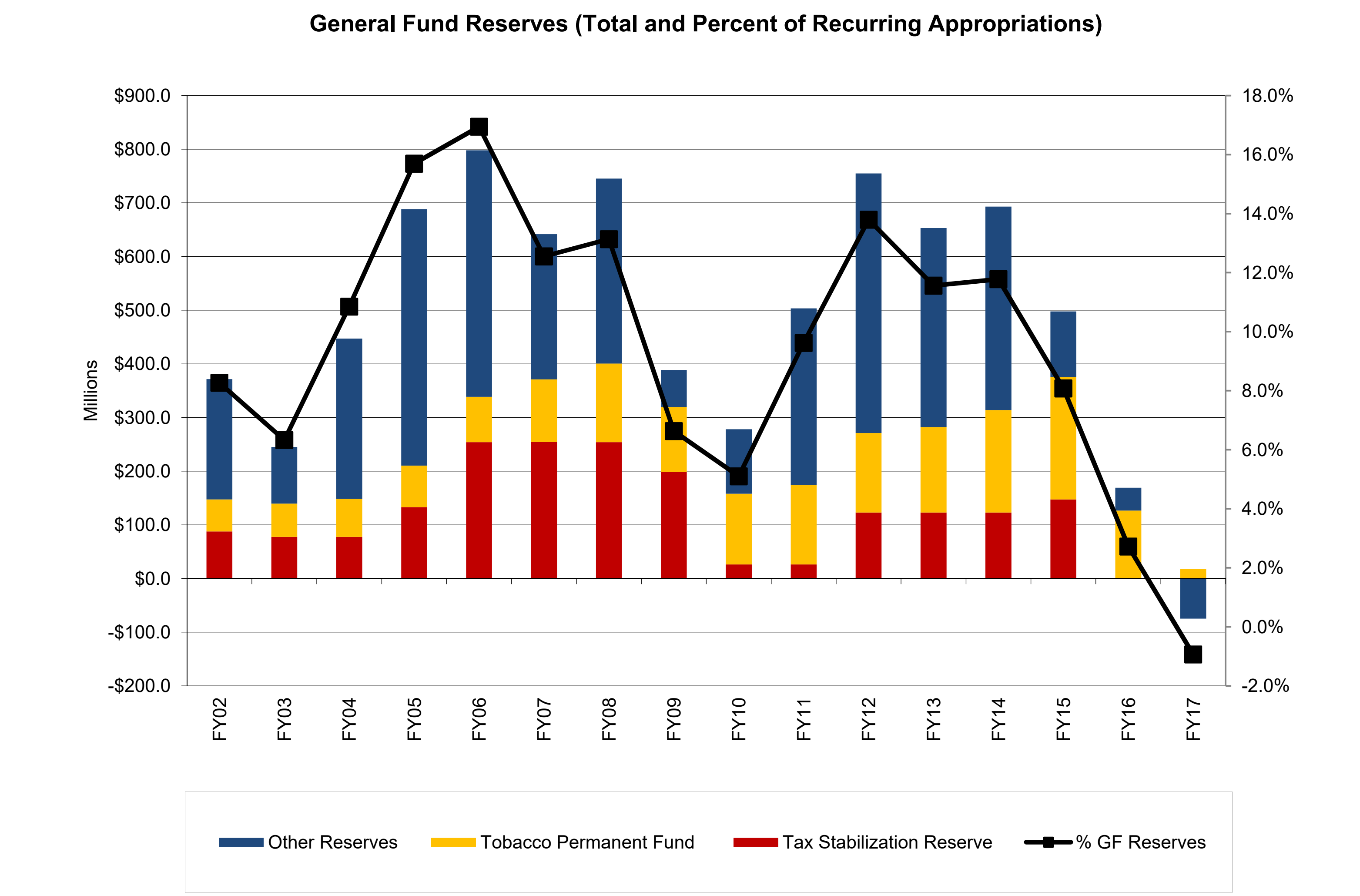
Notes:

^2016 reserve numbers are preliminary estimates, and adjustments will be needed to match the 2016 audit.

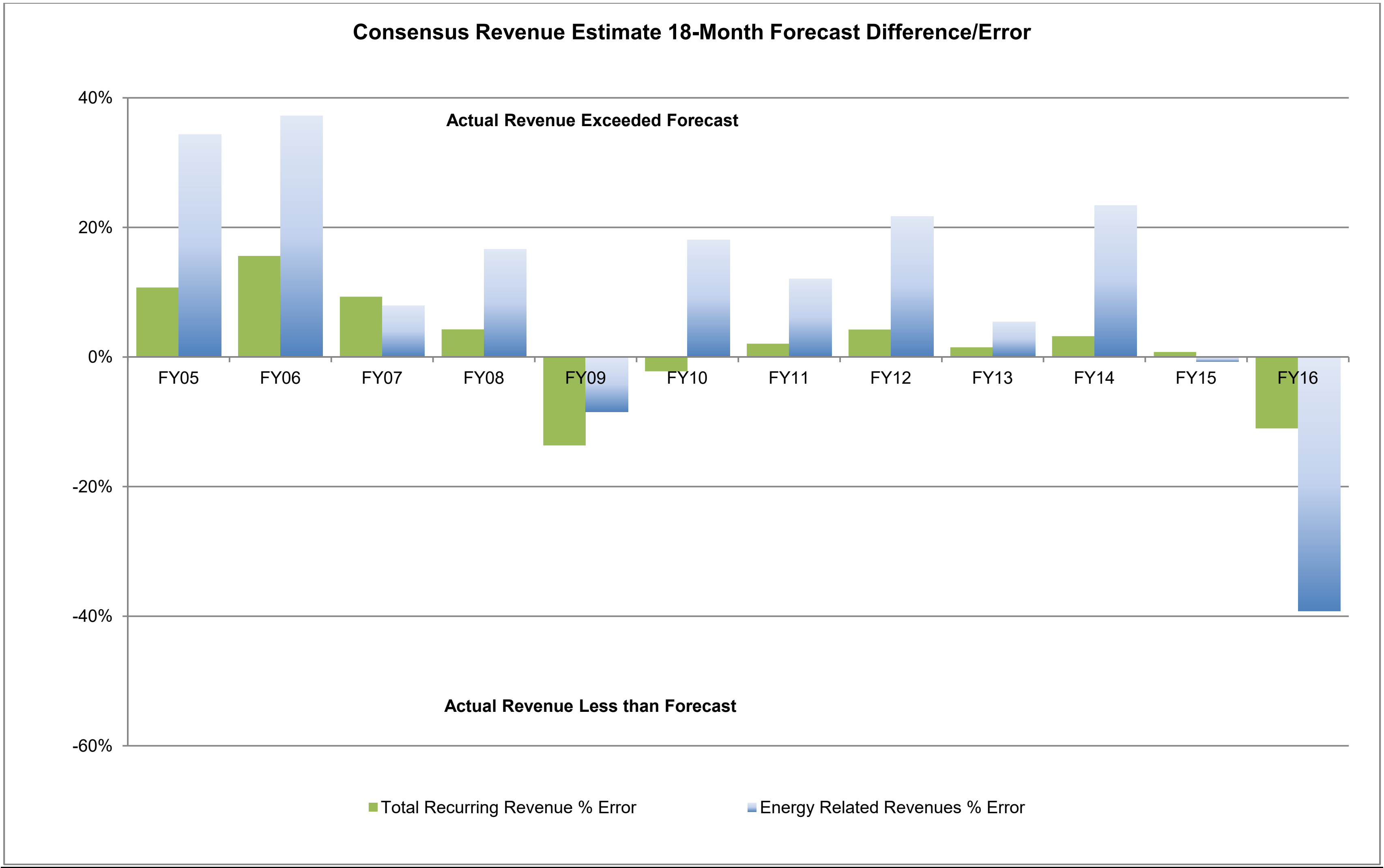
* Pursuant to HB311 from Drivers License Fees.

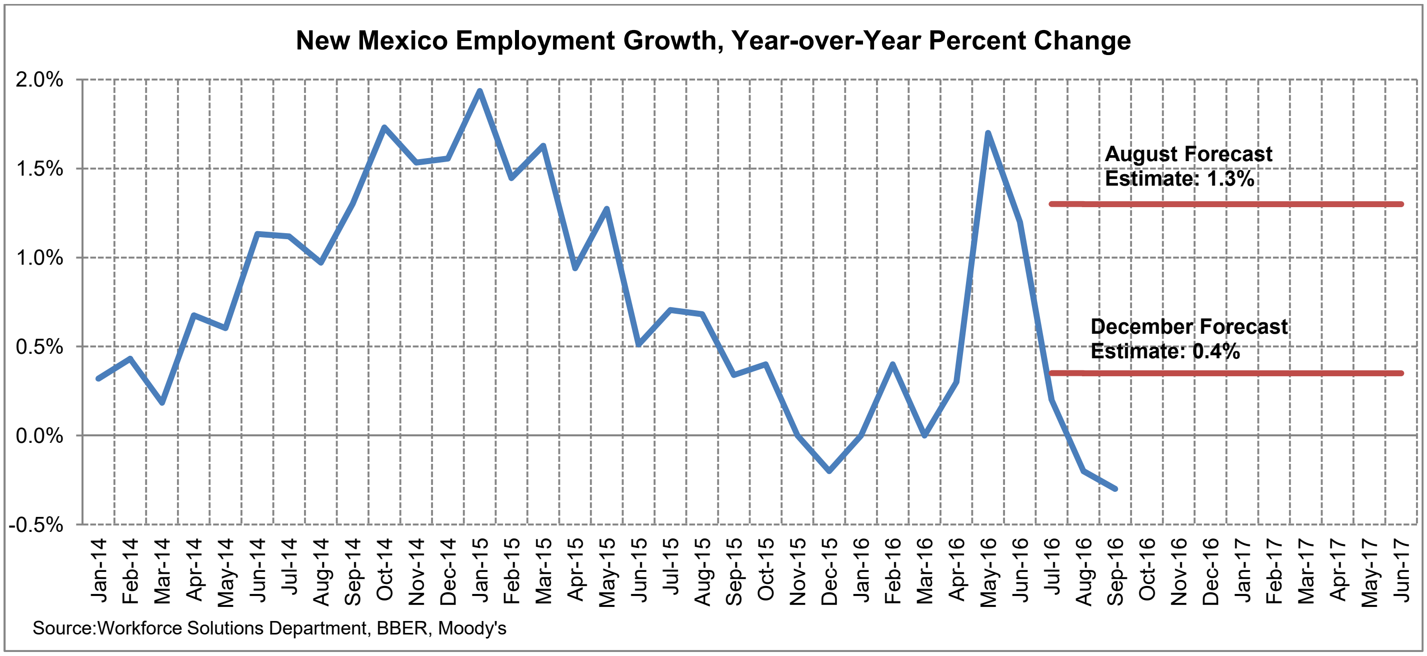


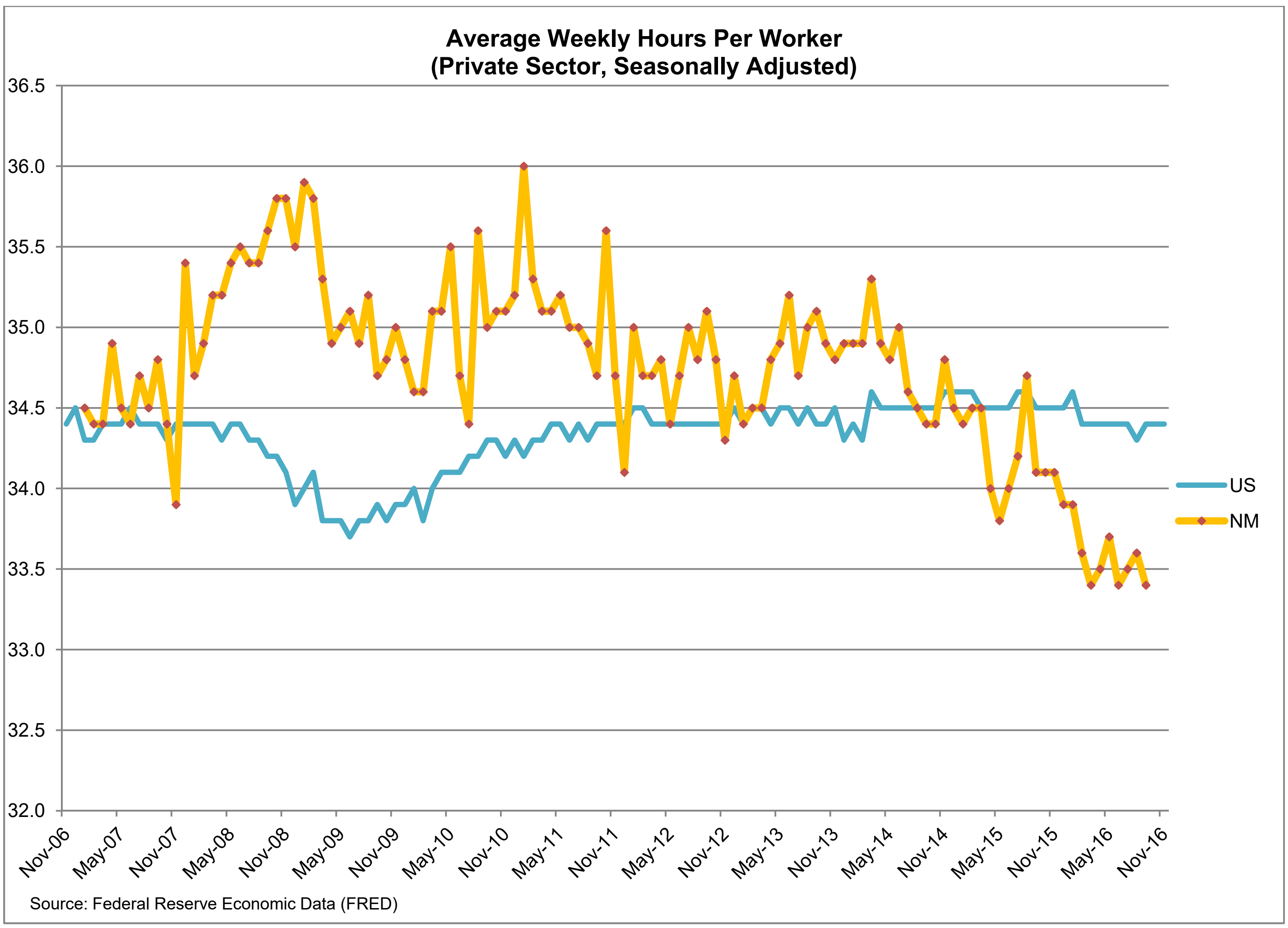
Source: LFC Files



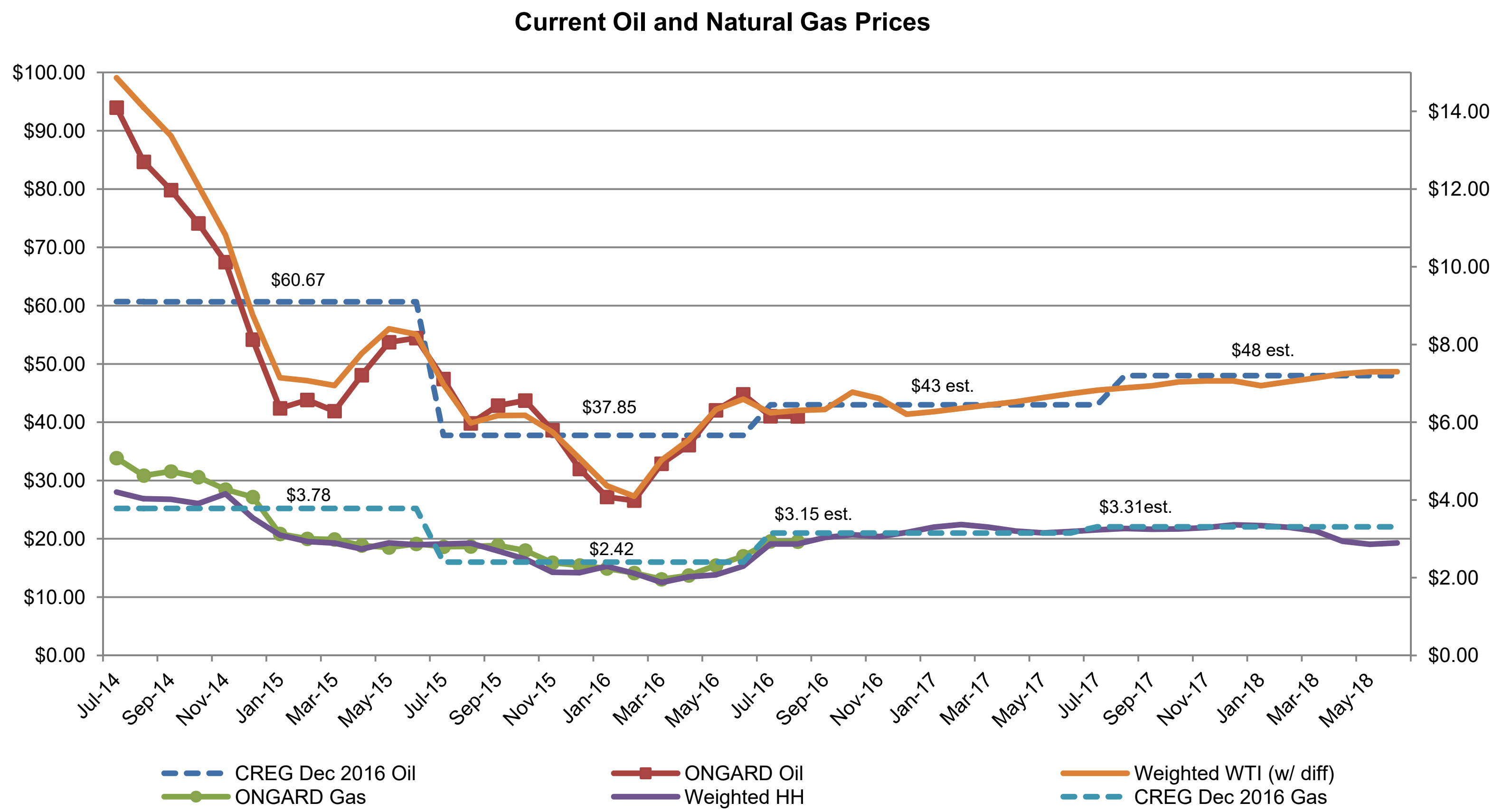
Source: LFC Files


Consensus Revenue Estimate 18-Month Forecast Difference/Error
Actual Revenue Exceeded Forecast
Actual Revenue Less than Forecast
40%
20%
0%
-20%
-40%
-60%
FY05
FY06
FY07
FY08
FY09
FY10
FY11
FY12
FY13
FY14
FY15
FY16
Total Recurring Revenue % Error
Energy Related Revenues % Error


New Mexico Employment Growth, Year-over-Year Percent Change
2.0%
1.5%
1.0%
0.5%
0.0%
-0.5%
August Forecast Estimate: 1.3%
December Forecast Estimate: 0.4%
Jan-14
Feb-14
Mar-14
Apr-14
May-14
Jun-14
Jul-14
Aug-14
Sep-14
Oct-14
Nov-14
Dec-14
Jan-15
Feb-15
Mar-15
Apr-15
May-15
Jun-15
Jul-15
Aug-15
Sep-15
Oct-15
Nov-15
Dec-15
Jan-16
Feb-16
Mar-16
Apr-16
May-16
Jun-16
Jul-16
Aug-16
Sep-16
Oct-16
Nov-16
Dec-16
Jan-17
Feb-17
Mar-17
Apr-17
May-17
Jun-17
Source:Workforce Solutions Department, BBER, Moody's


Average Weekly Hours Per Worker
(Private Sector, Seasonally Adjusted)
36.5
36.0
35.5
35.0
34.5
34.0
33.5
33.0
32.5
32.0
US
NM
Nov-06
May-07
Nov-07
May-08
Nov-08
May-09
Nov-09
May-10
Nov-10
May-11
Nov-11
May-12
Nov-12
May-13
Nov-13
May-14
Nov-14
May-15
Nov-15
May-16
Nov-16
Source: Federal Reserve Economic Data (FRED)

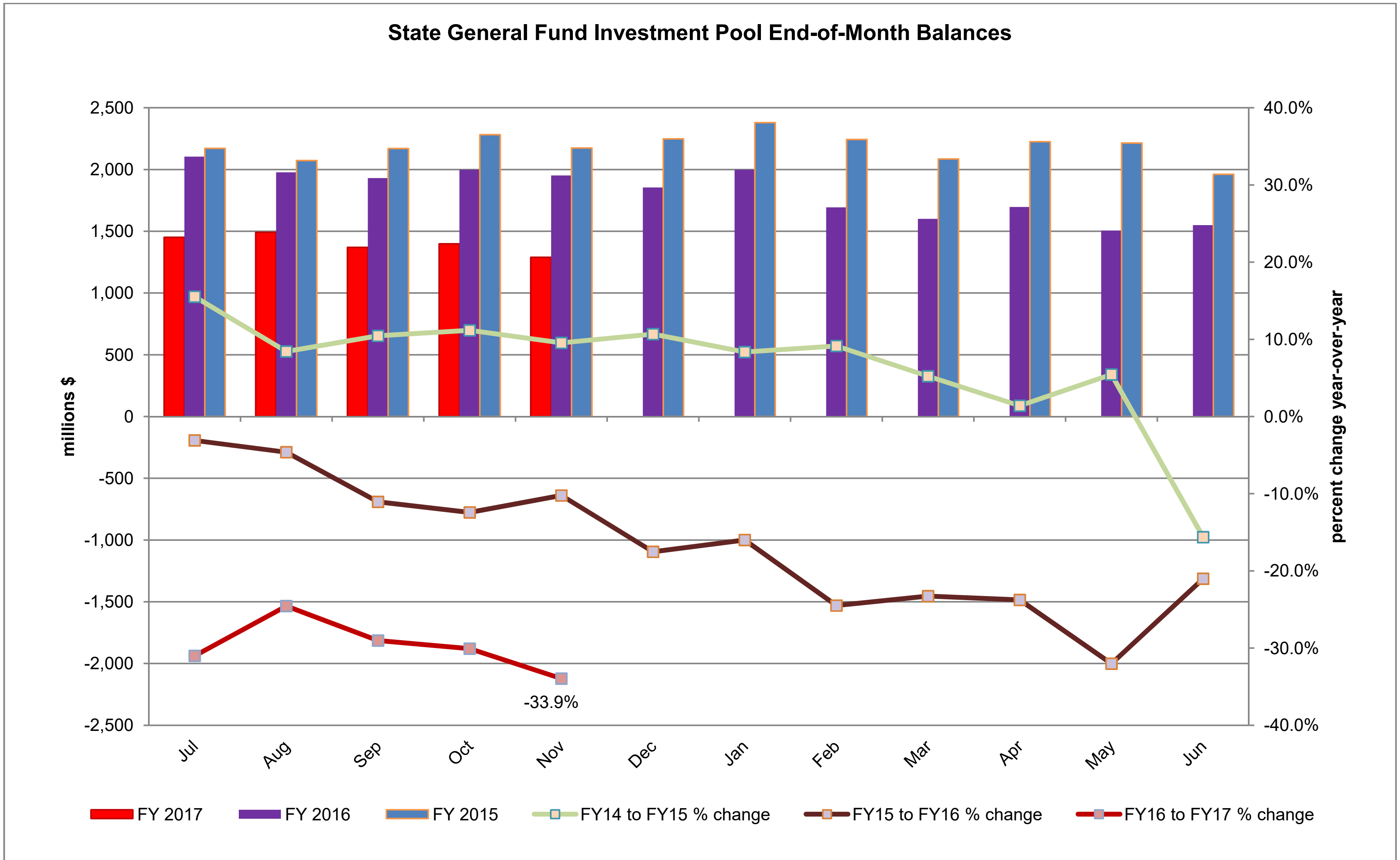
Attachment 9



Source: Weighted WTI averaged 33/33/33 EIA, GI, NYMEX, with -$4.20/bbl differential. Weighted HH averaged 33/33/33 EIA, GI, NYMEX.

Possible Scenarios for State Treasurer Earnings Approximately Zero in Fiscal Year 2017								
Senario A: Actual & Forecast Earnings with No Interest Rate Change							Scenario B: Earnings with Minor Interest Rate Increase	
Month	Projected Core Balance	Projected Liquidity Balance	Core Earnings	Core Mark to Market Adj	Liquidity Earnings	**Total Distribution - No Interest Rate Change**	Change in Gain/Loss with +25 BP Rate Change in Dec.	**Total Distribution +25 BP Interest Rate Change**
Jul-16	$ 1,011,375,913	$ 428,156,673	$ 1,054,741	$ (1,105,050)	$ 93,553	$ 43,244		$ 43,244
Aug-16	$ 910,186,008	$ 565,987,593	$ 1,239,996	$ (3,062,100)	$ 89,816	$ (1,732,288)		$ (1,732,288)
Sep-16	$ 912,036,399	$ 441,522,778	$ 990,020	$ 340,641	$ 72,134	$ 1,402,795		$ 1,402,795
Oct-16	$ 711,498,284	$ 664,551,612	$ 1,567,191	$ (2,551,020)	$ 85,980	$ (897,849)		$ (897,849)
Nov-16	$ 707,307,749	$ 471,487,859	$ 800,589	$ (5,437,868)	$ 89,230	$ (4,548,049)		$ (4,548,049)
Dec-16	$ 697,232,941	$ 400,000,000	$ 825,192	$ -	$ 125,740	$ 950,932	$ (3,071,232)	$ (2,120,300)
Jan-17	$ 687,146,380	$ 400,000,000	$ 813,438	$ -	$ 179,628	$ 993,066		$ 993,066
Feb-17	$ 677,048,051	$ 400,000,000	$ 801,671	$ -	$ 179,628	$ 981,299		$ 981,299
Mar-17	$ 666,937,940	$ 400,000,000	$ 789,889	$ -	$ 179,628	$ 969,517		$ 969,517
Apr-17	$ 656,816,034	$ 400,000,000	$ 778,094	$ -	$ 179,628	$ 957,722		$ 957,722
May-17	$ 646,682,320	$ 400,000,000	$ 766,285	$ -	$ 179,628	$ 945,913		$ 945,913
Jun-17	$ 636,536,782	$ 400,000,000	$ 754,463	$ -	$ 179,628	$ 934,091		$ 934,091
FY17 Total						**$ 1,000,394**	$ (3,071,232)	**$ (2,070,838)**

Sources: Earnings and Balance Projections from STO with adjustments to incorporate CREG December 2016 Revenue Estimates



Source: State Treasurer's Office

LFC FORECAST OF CAPITAL OUTLAY AVAILABLE - December 2016 - ESTIMATE (in millions of dollars)					
Severance Tax Bonding (STB)	**FY17**	**FY18**	**FY19**	**FY20**	**FY21**
Senior Long-Term Issuance	$152.4	$152.4	$152.4	$152.4	$152.4
Senior Sponge Issuance	$3.8	$2.4	$12.1	$14.1	$18.6
Senior STB Capacity	**$156.2**	**$154.8**	**$164.5**	**$166.5**	**$171.0**
Authorized Unissued	($19.7)	$0.0	$0.0	$0.0	$0.0
Water Project Fund (9%)	($10.7)	($13.9)	($14.8)	($15.0)	($15.4)
Tribal Infrastructure Fund (4.5%)	($5.4)	($7.0)	($7.4)	($7.5)	($7.7)
Colonias Infrastructure Project Fund (4.5%)	($5.4)	($7.0)	($7.4)	($7.5)	($7.7)
Series 2016 D&E Funded Projects	($51.0)	$0.0	$0.0	$0.0	$0.0
Net Senior STB Capacity	**$64.1**	**$127.0**	**$134.9**	**$136.5**	**$140.2**
Supplemental Long-Term Issuance	$0.0	$0.0	$0.0	$0.0	$0.0
Supplemental Sponge Issuance	$114.6	$113.1	$128.2	$127.2	$127.4
Supplemental STB Capacity	**$114.6**	**$113.1**	**$128.2**	**$127.2**	**$127.4**
Total STB Capacity	**$178.6**	**$240.1**	**$263.1**	**$263.8**	**$267.6**

Source: Department of Finance and Administration and LFC Files