

# Consensus General Fund Revenue Estimate

Presented to

Revenue Stabilization and Tax Policy Committee

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## SUMMARY:

- The consensus revenue estimating group has reviewed and updated the General Fund revenue outlook that was prepared last December. The consensus group is comprised of career economists from the executive and legislative branches.
- Table 1 below summarizes the forecast revisions to total recurring revenue. Compared with the December outlook adjusted for legislative changes:
  - FY12 total recurring revenue has been revised up by \$218 million. Stronger-than-expected oil and gas revenue contributed about 85 percent of the unexpected revenue.
  - FY13 total recurring revenue has been revised up by \$18 million. The increase is smaller than that of FY12 because oil and gas prices have been revised down from the prior forecast. Corporate income taxes are also down significantly.
  - FY14 total recurring revenue has been revised up by \$120 million. Increased oil production is one major reason, and the higher gross receipts tax base is another.
- After these revisions, total recurring revenue growth was 6.3 percent in FY12, but falls to minus 1.0 percent in FY13 and grows by 4.1 percent in FY14.
- After revision, FY12 ending balances will be \$705 million, or 13 percent of recurring appropriations. FY14 “new money” -- FY14 recurring revenue less FY13 recurring appropriations -- is \$272 million.
- Senior severance bond capacity will be \$224 million after allowing \$44 million for authorized but unissued bonds.

**Table 1**

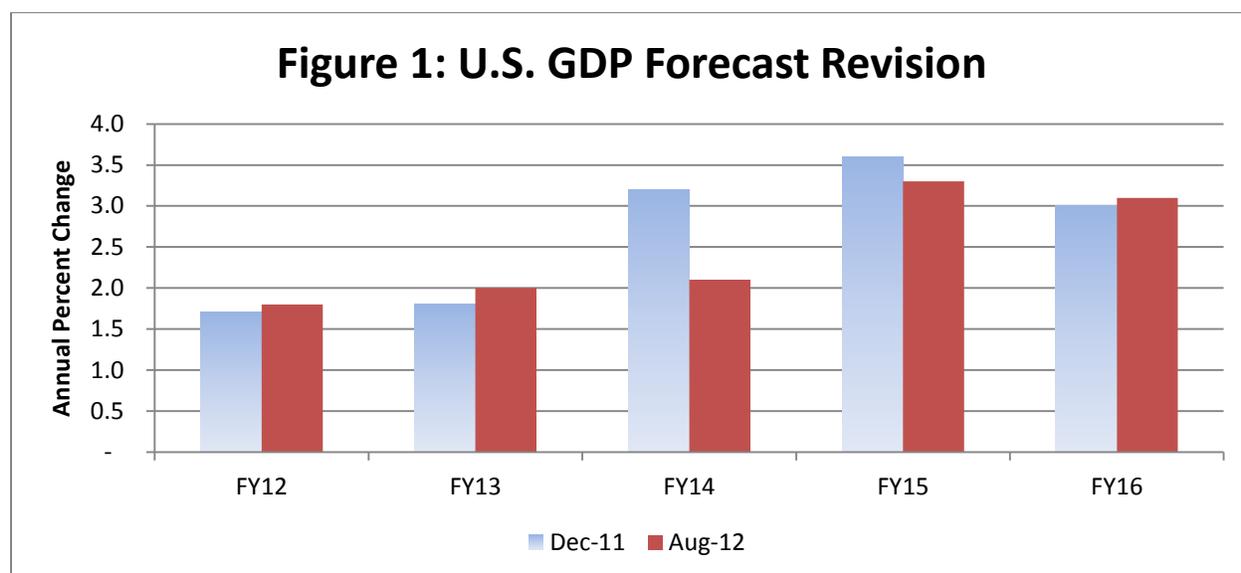
**August 2012 Consensus Forecast: Total Recurring Revenue**

(Dollar amounts in millions)

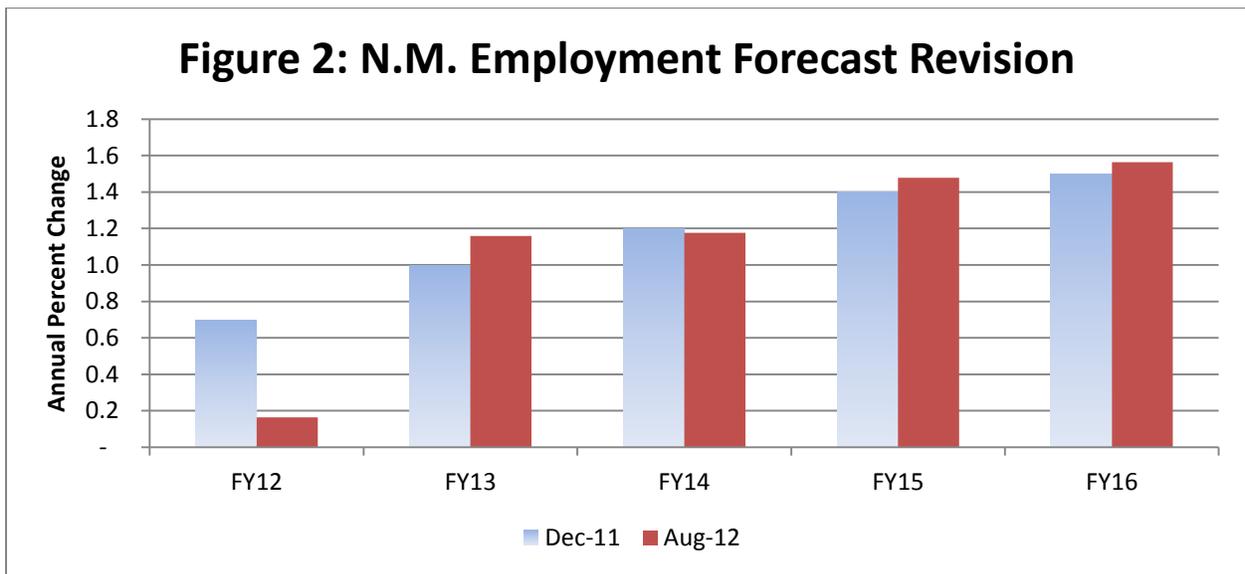
	<b><u>FY12</u></b>	<b><u>FY13</u></b>	<b><u>FY14</u></b>
December 2011 estimate	\$5,533	\$5,688	\$5,842
Changes due to 2012 legislation	(\$4)	(\$18)	(\$40)
<u>August 2012 forecast revisions</u>	<u>\$218</u>	<u>\$18</u>	<u>\$120</u>
<b>August 2012 Consensus Estimate</b>	<b>\$5,746</b>	<b>\$5,688</b>	<b>\$5,922</b>
% change versus prior year	6.3%	-1.0%	4.1%

**ECONOMIC INDICATORS: (Appendix 1)**

U.S. economic output (GDP) grew by just 1.8 percent during FY12, and growth is expected to remain around 2.0 percent in FY13 and FY14. This FY14 outlook is down significantly from last December’s forecast of 3.2 percent. Decreasing government spending is one factor holding down growth, export demand is slowing, and although housing demand has begun to recover, consumers will be reluctant to spend given the stubbornly high unemployment rate.



New Mexico’s total payroll employment grew by only 0.2 percent in FY12, below the 0.7 percent forecast from December. Growth is now forecast at 1.2 percent in both FY13 and FY14. The government sector continues to be a drag on growth, but weakness is also evident in business and professional services. New Mexico’s unemployment rate continues to be significantly lower than the national rate, but this appears to reflect discouraged workers leaving the workforce rather than improving payrolls.

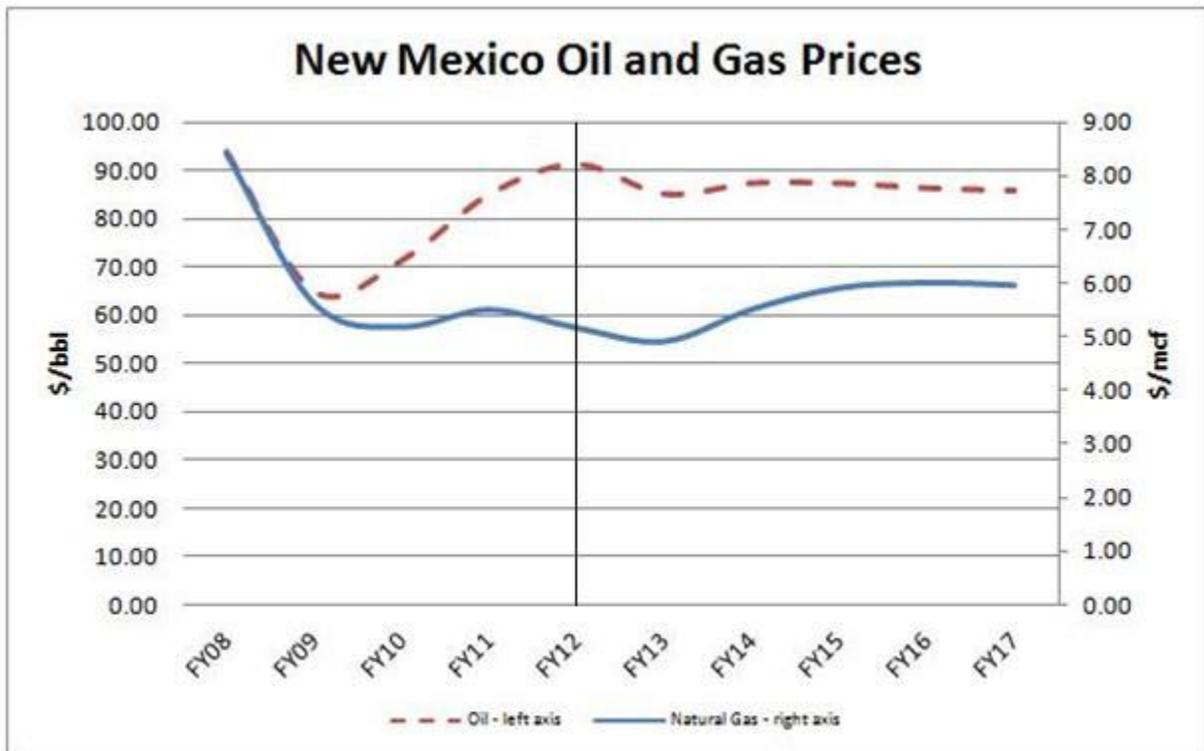


U.S. inflation is expected to remain subdued. Although this enables the Federal Reserve to pursue monetary expansion to support growth, it also means the state will see subdued growth in its “top line” revenues like the Gross Receipts Tax.

**ENERGY MARKETS: (Appendix 1)**

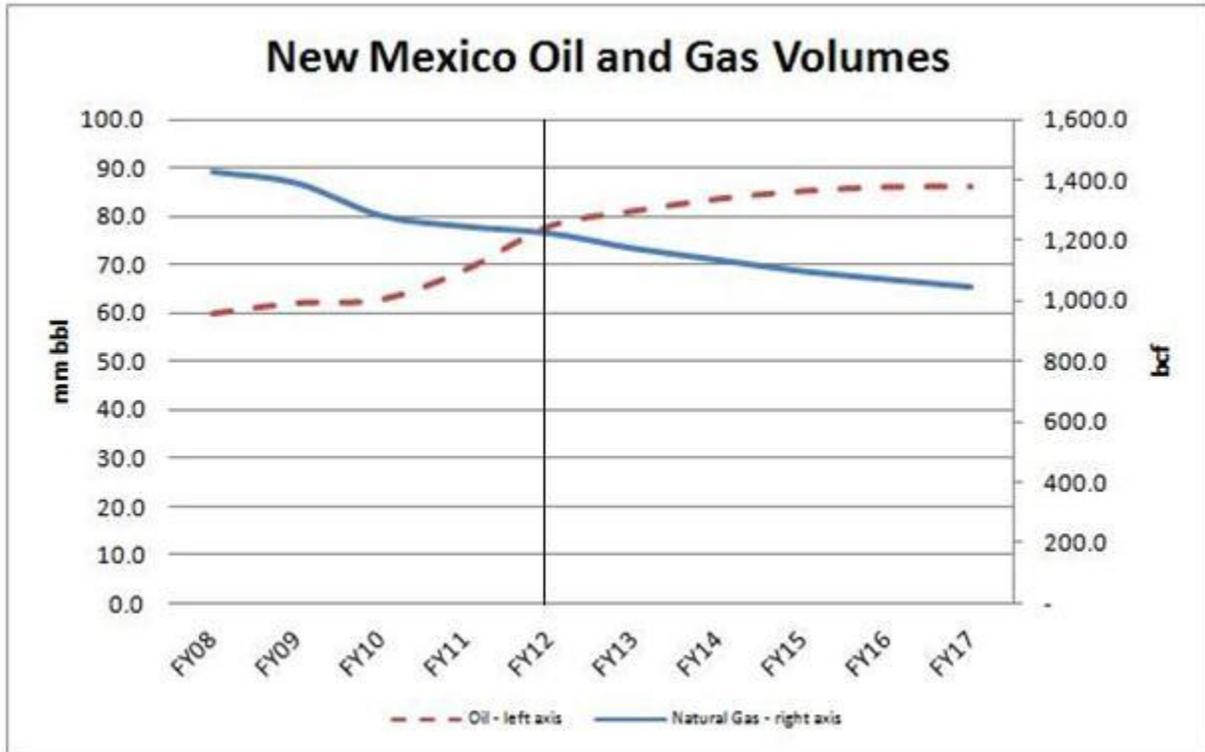
New Mexico crude oil prices averaged \$90.25 in FY12, \$3.50 higher than the December forecast. The consensus group now expects New Mexico oil prices to average \$85.00 in FY13 and \$87.25 in FY14. These prices are slightly lower than the December outlook. The near term outlook for oil prices has fallen due to slowing global demand growth. Meanwhile, some analysts argue that long term prices will be held down by increased supplies as hydraulic fracturing and horizontal drilling are applied on a worldwide basis.

Natural gas prices in New Mexico averaged \$5.10 in FY12, slightly below the December 2011 forecast. These average prices were boosted by a premium thanks to the natural gas liquids associated with the dry gas. However, after averaging close to \$2.00 per thousand cubic feet (mcf) for much of the fiscal year, the premium fell closer to \$1.50 in the last few months as increased supplies put downward pressure on prices. The consensus group now expects New Mexico gas prices to average \$4.90 in FY13 and \$5.50 in FY14. These prices are decreased from the December 2011 forecast by \$0.70 in FY13 and by \$0.40 in FY14.



Crude oil production in New Mexico increased by 13 percent in FY12 reaching 78 million barrels. The consensus group expects production to increase gradually over the next few years, peaking at around 86 million barrels. Natural gas production fell again in FY12, but at a slower rate than in the recent past. The FY12 decline is now estimated at around 1 percent. Given the unfavorable financial outlook for dry gas, the consensus group is expecting total production to decline by 4 percent in FY13 and about 3 percent in FY14. As shown in Appendix 5, natural gas

rig counts have fallen sharply in recent months both nationally and in New Mexico, while oil rig counts have continued to rise.



**AUGUST FORECAST REVISIONS BY REVENUE: (Appendix 2)**

**Table 2**

**August 2012 Revisions to December Estimate by Major Revenues**

(Dollar amounts in millions)

	FY12	FY13	FY14
General Sales	\$62	\$40	\$25
Selective Sales	\$2	(\$10)	(\$4)
Income Taxes	\$3	(\$33)	\$2
Oil and Gas Revenues	\$156	\$29	\$103
Other	(\$6)	(\$7)	(\$5)
<b>Total Revenue</b>	<b>\$217</b>	<b>\$18</b>	<b>\$120</b>

FY12 gross receipts tax (GRT) collections were \$70 million more than the December 2011 forecast. However, weaker GDP growth in FY14 and FY15 is expected to subdue continued

growth in gross receipts tax revenues. As shown in Appendix 7, about 27 percent of the FY12 growth in taxable gross receipts occurred in the mining and extraction sectors. However, this growth is expected to decline in the forecast in response to falling oil prices. Additionally, the August forecast revisions include negative adjustments for the anti-pyramiding legislation passed during the 2012 session and an expected increase in claims for the High Wage Jobs Tax Credit.

In FY12, claims for the High Wage Jobs Tax Credit increased to \$26 million from a FY09 peak of \$14 million. In FY11, claims totaled \$9 million. The forecast assumes growth in claims will continue, totaling \$50 million in FY13 and FY14. Appendix 6 illustrates the forecast growth in claims for the tax credit as well as the impact of the 2012 legislative changes.

FY12 personal income tax revenue is expected to increase 5.6% from FY11, largely due to increased oil and gas withholding resulting from 2011 legislative changes. Forecast revenue in FY13 and beyond was increased consistent with the new higher revenue base.

Corporate income tax (CIT) revenue fell \$27 million short of the December forecast in FY12. This decrease would have been greater except that film credit payments were well below forecast. Forecast CIT was reduced significantly in FY13 and FY14 due to reduced forecasts of corporate profits and federal corporate tax receipts. FY12 film credits fell to \$10 million, largely a result of timing due to the rush to file claims at the end of FY11. FY13 film credits are expected to reach the \$50 million cap.

Mineral production taxes, bonuses and royalties were \$156 million more than forecast in FY12. The bulk of the increase was larger than expected federal royalties and state land bonuses resulting from the recent increase in oil prices and volumes. Stronger than expected oil volumes is expected to increase net revenue by \$29 million in FY13 and \$102 million in FY14.

Insurance premiums tax revenue is forecast to increase in the future, based on impacts of the federal Affordable Care Act (ACA). The August estimate assumes the increase in premiums revenue will be gradual, due to limited providers and administrative constraints. Additional premiums tax revenue due to the ACA is forecast at \$11 million in FY14 and \$26 million in FY15. There is much uncertainty regarding the implementation of the ACA and its impact on general fund revenues. Potential repeal of the ACA poses a negative risk to premiums tax revenues in the out years.

**RISKS TO THE FORECAST:**

A deeper-than-expected Eurozone recession and slower worldwide growth are the main downside risks to the outlook. In addition, this forecast assumes a fairly robust housing recovery over the next 3 years which may not materialize. Global Insight does not expect the economy to go off the “fiscal cliff,” though extreme uncertainty over the direction of federal tax and expenditure policy will remain a fact of life.

**GENERAL FUND FINANCIAL SUMMARY: (Appendix 3)**

With the revised revenue forecast, FY12 revenue exceeded appropriations by \$227 million, leaving FY12-ending balances of \$705 million or 13 percent of appropriations. FY14 recurring revenue of \$5,922 million less FY13 recurring appropriations of \$5,650 million leaves “new money” of \$272 million.

**BOND CAPACITY UPDATE: (Appendix 4)**

After subtracting \$44 million of authorized-but-unissued bonds, and assuming a level issuance policy, \$224 million of senior severance tax bond capacity is expected to be available for new statewide capital projects authorized during the 2013 legislative session. \$180 million is expected to be available in Fiscal Year 2013 for public school facility projects through the Public School Facilities Authority. Earmarked appropriations for Fiscal Year 2013 total \$34 million for water trust board projects, and \$17 million each for Colonias and tribal infrastructure projects.

## APPENDIX 1

### U.S. and New Mexico Economic Indicators

	FY11	FY12		FY13		FY14		FY15		FY16		FY17
	Aug12 Actual	Dec11 Forecast	Aug12 Forecast	Aug12 Forecast								
<b>National Economic Indicators</b>												
US Real GDP Growth (annual avg. ,% YOY)*	2.6	1.7	1.8	1.8	2.0	3.2	2.1	3.6	3.3	3.0	3.1	3.0
US Inflation Rate (CPI-U, annual avg., % YOY)**	2.2	2.3	2.3	2.3	2.3	2.3	2.3	2.4	2.4	2.4	2.4	2.5
Federal Funds Rate (%)	0.16	0.09	0.10	0.10	0.16	0.42	0.16	2.27	0.82	3.87	2.85	3.99
<b>New Mexico Labor Market and Income Data</b>												
NM Non-Agricultural Employment Growth (%)	-0.4	0.7	0.2	1.0	1.2	1.2	1.2	1.4	1.5	1.5	1.6	1.6
NM Personal Income Growth (%)***	4.4	4.2	4.4	3.1	3.3	3.0	3.4	4.4	4.4	4.9	5.0	5.1
NM Private Wages & Salaries Growth (%)	2.6	2.6	3.8	2.8	4.2	3.4	3.8	3.6	4.5	3.8	4.5	4.7
NM Total Wages & Salaries Growth (%)	1.7		2.8		3.0		2.9		3.7		4.0	4.3
<b>Crude Oil and Natural Gas Outlook</b>												
NM Oil Price (\$/barrel)	\$84.60	\$86.75	\$90.25	\$87.75	\$85.00	\$88.50	\$87.25	\$89.50	\$87.25	\$89.75	\$86.25	\$85.75
NM Taxable Oil Volumes (million barrels)	68.8	69.5	78.0	68.9	81.1	68.4	83.6	68.1	85.2	67.0	86.1	86.1
NM Gas Price (\$ per thousand cubic feet)****	\$5.50	\$5.20	\$5.10	\$5.60	\$4.90	\$5.90	\$5.50	\$6.05	\$5.90	\$6.15	\$6.00	\$5.95
NM Taxable Gas Volumes (billion cubic feet)	1,239	1,173	1,225	1,188	1,175	1,069	1,137	1,020	1,100	991	1,073	1,048

\* Real GDP is BEA chained 2005 dollars, billions, annual rate

\*\* CPI is all urban, BLS 1982-84=1.00 base.

\*\*\*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 Global Insight future prices as well as a liquid premium based on oil prices.

Sources: July IHS Global Insight corrected, BBER FOR-UNM revised

**APPENDIX 2**

General Fund Consensus Revenue Estimate  
August 2012

	FY11		FY12				FY13				FY14			
	Final Audit	% Change from FY10	Dec 2011 Adj for Legis.	Prelim Actual	Change from Prior	% Change from FY11	Dec 2011 Adj for Legis.	Aug 2012 Est.	Change from Prior	% Change from FY12	Dec 2011 Adj for Legis.	Aug 2012 Est.	Change from Prior	% Change from FY13
Gross Receipts Tax	1,822.5	11.5%	1,865.0	1,935.0	70.0	6.2%	1,919.3	1,967.0	47.7	1.7%	1,973.1	2,012.0	38.9	2.3%
Compensating Tax	69.1	35.8%	69.5	62.0	(7.5)	-10.3%	73.1	65.0	(8.1)	4.8%	75.9	61.5	(14.4)	-5.4%
<b>TOTAL GENERAL SALES</b>	<b>1,891.6</b>	<b>12.2%</b>	<b>1,934.5</b>	<b>1,997.0</b>	<b>62.5</b>	<b>5.6%</b>	<b>1,992.4</b>	<b>2,032.0</b>	<b>39.6</b>	<b>1.8%</b>	<b>2,049.0</b>	<b>2,073.5</b>	<b>24.5</b>	<b>2.0%</b>
Tobacco Taxes	88.2	92.9%	86.4	85.2	(1.2)	-3.4%	84.7	84.3	(0.4)	-1.1%	83.1	83.2	0.1	-1.3%
Liquor Excise	25.7	0.3%	25.9	26.0	0.1	1.3%	26.1	26.5	0.4	1.9%	26.7	27.0	0.3	1.9%
Insurance Taxes	132.7	1.8%	129.3	130.0	0.7	-2.0%	134.7	125.0	(9.7)	-3.8%	137.9	135.0	(2.9)	8.0%
Fire Protection Fund Reversion	17.6	251.7%	15.9	11.9	(4.0)	-32.3%	15.2	10.6	(4.6)	-10.9%	14.4	9.5	(4.9)	-10.4%
Motor Vehicle Excise	103.7	12.3%	110.2	114.7	4.5	10.7%	114.3	123.0	8.7	7.2%	121.6	126.0	4.4	2.4%
Gaming Excise	65.8	1.1%	66.6	65.5	(1.1)	-0.4%	66.7	64.8	(1.9)	-1.1%	67.3	65.8	(1.5)	1.5%
Leased Vehicle Surcharge	5.0	-11.5%	5.2	5.3	0.1	4.4%	5.3	5.3	0.1	0.9%	5.3	5.4	0.1	1.1%
Other	2.4	-25.6%	2.8	6.0	3.2	152.8%	3.0	-	(3.0)	-100.0%	3.2	3.2	0.0	#DIV/0!
<b>TOTAL SELECTIVE SALES</b>	<b>440.9</b>	<b>18.2%</b>	<b>442.3</b>	<b>444.6</b>	<b>2.3</b>	<b>0.8%</b>	<b>449.9</b>	<b>439.5</b>	<b>(10.4)</b>	<b>-1.1%</b>	<b>459.4</b>	<b>455.1</b>	<b>(4.3)</b>	<b>3.5%</b>
Personal Income Tax	1,060.9	10.9%	1,090.0	1,120.0	30.0	5.6%	1,114.9	1,155.0	40.2	3.1%	1,149.7	1,205.0	55.3	4.3%
Corporate Income Tax	229.8	83.7%	310.0	283.0	(27.0)	23.1%	373.3	300.0	(73.3)	6.0%	408.6	355.0	(53.6)	18.3%
<b>TOTAL INCOME TAXES</b>	<b>1,290.7</b>	<b>19.3%</b>	<b>1,400.0</b>	<b>1,403.0</b>	<b>3.0</b>	<b>8.7%</b>	<b>1,488.1</b>	<b>1,455.0</b>	<b>(33.1)</b>	<b>3.7%</b>	<b>1,558.3</b>	<b>1,560.0</b>	<b>1.7</b>	<b>7.2%</b>
Oil and Gas School Tax	376.1	15.9%	358.6	390.7	32.1	3.9%	376.0	371.6	(4.4)	-4.9%	365.7	398.0	32.3	7.1%
Oil Conservation Tax	19.4	18.1%	18.5	20.4	1.9	5.3%	19.3	19.6	0.3	-3.9%	18.8	20.9	2.1	6.6%
Resources Excise Tax	10.1	7.9%	10.0	10.6	0.6	4.5%	10.0	10.0	-	-5.7%	10.0	10.0	-	0.0%
Natural Gas Processors Tax	18.2	-55.0%	22.0	23.0	1.0	26.5%	23.6	23.9	0.3	3.9%	22.6	19.6	(3.0)	-18.0%
<b>TOTAL SEVERANCE TAXES</b>	<b>423.8</b>	<b>8.5%</b>	<b>409.1</b>	<b>444.7</b>	<b>35.6</b>	<b>4.9%</b>	<b>428.9</b>	<b>425.1</b>	<b>(3.8)</b>	<b>-4.4%</b>	<b>417.1</b>	<b>448.5</b>	<b>31.4</b>	<b>5.5%</b>
LICENSE FEES	49.8	-1.1%	51.5	50.1	(1.4)	0.8%	53.7	50.4	(3.2)	0.6%	55.9	51.6	(4.3)	2.2%
LGPF Interest	446.2	2.1%	459.7	459.8	0.1	3.0%	433.0	437.7	4.7	-4.8%	427.6	437.7	10.1	0.0%
STO Interest	17.6	-20.2%	17.3	14.1	(3.2)	-19.9%	23.4	16.0	(7.3)	13.4%	39.3	29.2	(10.1)	82.6%
STPF Interest	184.6	-1.4%	183.4	183.4	-	-0.6%	172.5	176.2	3.7	-3.9%	160.1	168.5	8.4	-4.4%
<b>TOTAL INTEREST</b>	<b>648.4</b>	<b>0.3%</b>	<b>660.4</b>	<b>657.3</b>	<b>(3.1)</b>	<b>1.4%</b>	<b>628.9</b>	<b>629.9</b>	<b>1.1</b>	<b>-4.2%</b>	<b>627.0</b>	<b>635.4</b>	<b>8.4</b>	<b>0.9%</b>
Federal Mineral Leasing	411.8	15.9%	420.0	502.4	82.4	22.0%	419.0	440.0	21.0	-12.4%	423.7	480.0	56.3	9.1%
State Land Office	65.6	-3.1%	54.6	92.5	37.9	41.0%	47.4	58.8	11.4	-36.4%	46.2	61.3	15.1	4.2%
<b>TOTAL RENTS &amp; ROYALTIES</b>	<b>477.4</b>	<b>12.9%</b>	<b>474.6</b>	<b>594.9</b>	<b>120.3</b>	<b>24.6%</b>	<b>466.4</b>	<b>498.8</b>	<b>32.4</b>	<b>-16.2%</b>	<b>469.9</b>	<b>541.3</b>	<b>71.4</b>	<b>8.5%</b>
TRIBAL REVENUE SHARING	65.9	2.8%	70.4	68.0	(2.4)	3.2%	75.4	72.0	(3.4)	5.9%	78.2	73.0	(5.2)	1.4%
MISCELLANEOUS RECEIPTS	52.2	17.5%	46.0	46.7	0.7	-10.5%	46.2	44.7	(1.5)	-4.3%	47.1	43.7	(3.4)	-2.1%
REVERSIONS	67.3	68.3%	40.0	40.0	-	-40.6%	40.0	40.0	-	0.0%	40.0	40.0	-	0.0%
<b>TOTAL RECURRING</b>	<b>5,408.1</b>	<b>12.7%</b>	<b>5,528.8</b>	<b>5,746.3</b>	<b>217.5</b>	<b>6.3%</b>	<b>5,669.8</b>	<b>5,687.5</b>	<b>17.6</b>	<b>-1.0%</b>	<b>5,801.8</b>	<b>5,922.1</b>	<b>120.3</b>	<b>4.1%</b>
<b>TOTAL NON-RECURRING*</b>	<b>62.5</b>	<b>-86.9%</b>	<b>18.3</b>	<b>18.3</b>	<b>-</b>	<b>-70.7%</b>	<b>(3.3)</b>	<b>(3.3)</b>	<b>-</b>	<b>-118.0%</b>	<b>(0.9)</b>	<b>(0.9)</b>	<b>-</b>	<b>-72.7%</b>
<b>GRAND TOTAL</b>	<b>5,470.6</b>	<b>3.7%</b>	<b>5,547.1</b>	<b>5,764.6</b>	<b>217.5</b>	<b>5.4%</b>	<b>5,666.5</b>	<b>5,684.2</b>	<b>17.6</b>	<b>-1.4%</b>	<b>5,800.9</b>	<b>5,921.2</b>	<b>120.3</b>	<b>4.2%</b>

**APPENDIX 2**

General Fund Consensus Revenue Estimate  
August 2012

	FY15				FY16				FY17	
	Dec 2011 Adj for Legis.	Aug 2012 Est.	Change from Prior	% Change from FY14	Dec 2011 Adj for Legis.	Aug 2012 Est.	Change from Prior	% Change from FY15	Aug 2012 Est.	% Change from FY16
Gross Receipts Tax	2,043.4	2,070.0	26.6	2.9%	2,097.4	2,149.0	51.6	3.8%	2,236.0	4.0%
Compensating Tax	77.2	64.0	(13.2)	4.1%	77.9	66.5	(11.4)	3.9%	68.0	2.3%
<b>TOTAL GENERAL SALES</b>	<b>2,120.6</b>	<b>2,134.0</b>	<b>13.4</b>	<b>2.9%</b>	<b>2,175.3</b>	<b>2,215.5</b>	<b>40.2</b>	<b>3.8%</b>	<b>2,304.0</b>	<b>4.0%</b>
Tobacco Taxes	81.4	82.2	0.8	-1.2%	79.9	81.2	1.3	-1.2%	80.3	-1.1%
Liquor Excise	27.2	27.4	0.2	1.5%	27.8	27.9	0.1	1.8%	28.4	1.8%
Insurance Taxes	143.9	160.0	16.1	18.5%	151.2	170.0	18.8	6.3%	185.0	8.8%
Fire Protection Fund Reversion	13.2	8.9	(4.3)	-6.3%	12.3	8.3	(4.0)	-6.7%	7.7	-7.2%
Motor Vehicle Excise	126.6	131.0	4.4	4.0%	131.8	136.0	4.2	3.8%	141.0	3.7%
Gaming Excise	68.0	66.9	(1.1)	1.7%	68.9	68.1	(0.8)	1.8%	69.5	2.1%
Leased Vehicle Surcharge	5.4	5.4	0.1	0.9%	5.4	5.5	0.1	0.9%	5.5	1.1%
Other	3.3	3.3	-	3.1%	3.3	3.3	-	0.0%	3.3	0.0%
<b>TOTAL SELECTIVE SALES</b>	<b>469.0</b>	<b>485.1</b>	<b>16.1</b>	<b>6.6%</b>	<b>480.6</b>	<b>500.3</b>	<b>19.7</b>	<b>3.1%</b>	<b>520.7</b>	<b>4.1%</b>
Personal Income Tax	1,189.7	1,257.0	67.3	4.3%	1,229.7	1,310.0	80.3	4.2%	1,360.0	3.8%
Corporate Income Tax	423.9	385.0	(38.9)	8.5%	398.9	385.0	(13.9)	0.0%	385.0	0.0%
<b>TOTAL INCOME TAXES</b>	<b>1,613.6</b>	<b>1,642.0</b>	<b>28.4</b>	<b>5.3%</b>	<b>1,628.5</b>	<b>1,695.0</b>	<b>66.5</b>	<b>3.2%</b>	<b>1,745.0</b>	<b>2.9%</b>
Oil and Gas School Tax	362.7	409.2	46.5	2.8%	358.0	407.3	49.3	-0.5%	400.0	-1.8%
Oil Conservation Tax	18.7	21.4	2.7	2.4%	18.5	21.3	2.8	-0.5%	21.0	-1.4%
Resources Excise Tax	10.0	10.0	-	0.0%	10.0	10.0	-	0.0%	10.0	0.0%
Natural Gas Processors Tax	22.4	19.7	(2.7)	0.5%	22.2	21.1	(1.1)	7.1%	21.5	1.9%
<b>TOTAL SEVERANCE TAXES</b>	<b>413.8</b>	<b>460.3</b>	<b>46.5</b>	<b>2.6%</b>	<b>408.7</b>	<b>459.7</b>	<b>51.0</b>	<b>-0.1%</b>	<b>452.5</b>	<b>-1.6%</b>
LICENSE FEES	58.3	51.9	(6.4)	0.6%	59.4	52.9	(6.5)	2.0%	53.8	1.7%
LGPF Interest	453.9	470.0	16.1	7.4%	475.1	498.0	22.9	6.0%	475.2	-4.6%
STO Interest	52.0	44.0	(8.0)	50.5%	58.5	75.6	17.1	71.7%	92.7	22.6%
STPF Interest	162.6	175.7	13.1	4.3%	162.6	180.8	18.2	2.9%	185.1	2.4%
<b>TOTAL INTEREST</b>	<b>668.5</b>	<b>689.7</b>	<b>21.2</b>	<b>8.5%</b>	<b>696.2</b>	<b>754.4</b>	<b>58.2</b>	<b>9.4%</b>	<b>753.0</b>	<b>-0.2%</b>
Federal Mineral Leasing	423.8	495.0	71.2	3.1%	417.5	500.0	82.5	1.0%	485.0	-3.0%
State Land Office	46.2	62.3	16.1	1.6%	45.8	62.6	16.8	0.5%	61.7	-1.4%
<b>TOTAL RENTS &amp; ROYALTIES</b>	<b>470.0</b>	<b>557.3</b>	<b>87.3</b>	<b>3.0%</b>	<b>463.3</b>	<b>562.6</b>	<b>99.3</b>	<b>0.9%</b>	<b>546.7</b>	<b>-2.8%</b>
TRIBAL REVENUE SHARING	81.2	76.0	(5.2)	4.1%	83.8	80.0	(3.8)	5.3%	84.0	5.0%
MISCELLANEOUS RECEIPTS	48.1	45.4	(2.6)	3.8%	49.0	47.0	(2.1)	3.4%	46.8	-0.3%
REVERSIONS	40.0	40.0	-	0.0%	40.0	40.0	-	0.0%	40.0	0.0%
<b>TOTAL RECURRING</b>	<b>5,983.0</b>	<b>6,181.7</b>	<b>198.8</b>	<b>4.4%</b>	<b>6,084.8</b>	<b>6,407.3</b>	<b>322.5</b>	<b>3.6%</b>	<b>6,546.5</b>	<b>2.2%</b>
<b>TOTAL NON-RECURRING*</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>GRAND TOTAL</b>	<b>5,983.0</b>	<b>6,181.7</b>	<b>198.8</b>	<b>4.4%</b>	<b>6,084.8</b>	<b>6,407.3</b>	<b>322.5</b>	<b>3.6%</b>	<b>6,546.5</b>	<b>2.2%</b>

**APPENDIX 3**

**Department of Finance and Administration  
GENERAL FUND FINANCIAL SUMMARY  
August 2012 Consensus Revenue Estimate  
(Dollars in Millions)**

	<b>Audited FY2011</b>	<b>Estimated FY2012</b>	<b>Estimated FY2013</b>
<b>APPROPRIATION ACCOUNT</b>			
<b>REVENUE</b>			
Recurring Revenue			
December 2011 Consensus Forecast adj. for legislation	\$ 5,408.1	\$ 5,528.8	\$ 5,669.8
<i>August 2012 Consensus Forecast</i>	\$ -	\$ 217.5	\$ 17.6
Total Recurring Revenue	<u>\$ 5,408.1</u>	<u>\$ 5,746.3</u>	<u>\$ 5,687.4</u>
Nonrecurring Revenue			
December 2011 Consensus forecast	\$ 66.8	\$ 18.3	\$ (3.3)
Total Nonrecurring Revenue	<u>\$ 66.8</u>	<u>\$ 18.3</u>	<u>\$ (3.3)</u>
<b>TOTAL REVENUE</b>	<b><u>\$ 5,470.6</u></b>	<b><u>\$ 5,764.6</u></b>	<b><u>\$ 5,684.1</u></b>
<b>APPROPRIATIONS</b>			
Recurring Appropriations			
Recurring Appropriations	\$ 5,202.8	\$ 5,416.7	\$ 5,635.5
<i>2011 Recurring Appropriations</i>	<i>10.2</i>	<i>14.6</i>	<i>-</i>
<i>2012 Regular Session - Feed Bill</i>			<i>14.1</i>
Total Recurring Appropriations	<u>\$ 5,212.9</u>	<u>\$ 5,431.3</u>	<u>\$ 5,649.6</u>
Nonrecurring Appropriations			
<i>2010 and 2011 Sessions Nonrecurring Appropriations</i>	\$ 18.3	\$ 5.8	\$ -
<i>2012 Regular Session*</i>		\$ 100.8	\$ 1.6
Total Nonrecurring Appropriations	<u>\$ 18.3</u>	<u>\$ 106.6</u>	<u>\$ 1.6</u>
<b>TOTAL APPROPRIATIONS</b>	<b><u>\$ 5,231.2</u></b>	<b><u>\$ 5,537.9</u></b>	<b><u>\$ 5,651.2</u></b>
Transfer to(from) Reserves	\$ 239.4	\$ 226.7	\$ 32.9
<b>GENERAL FUND RESERVES</b>			
Beginning Balances	\$ 278.0	\$ 500.8	\$ 705.0
Transfers from (to) Appropriations Account	239.4	226.7	32.9
Revenue and Reversions	58.9	126.5	65.3
Appropriations, expenditures and transfers out	<u>(75.5)</u>	<u>(149.0)</u>	<u>(70.0)</u>
<b>Ending Balances</b>	<b>\$ 500.8</b>	<b>\$ 705.0</b>	<b>\$ 733.2</b>
<i>Reserves as a Percent of Recurring Appropriations</i>	<i>9.6%</i>	<i>13.0%</i>	<i>13.0%</i>

\*House Bill 315 (Ch. 62, Laws 2012) included a \$1 million appropriation from the tobacco settlement program fund to the University of New Mexico for lung cancer research. A special appropriation may be necessary during the 2013 legislation to provide funding to UNM since the balance of the program fund has been allotted to other programs.

**APPENDIX 3**

**Department of Finance and Administration  
GENERAL FUND FINANCIAL SUMMARY (Continued)**

**RESERVE DETAIL**

(Dollars in Millions)

	<b>Audited FY2011</b>	<b>Estimated FY2012</b>	<b>Estimated FY2013</b>
<b>OPERATING RESERVE</b>			
Beginning balance	\$ 36.2	\$ 275.9	\$ 417.0
BOF Emergency Fund	0.3	(1.3)	-
Transfer from Oper Reserve to ACF (2012 GAA)		(40.0)	
Transfer from (to) tax stabilization reserve		(44.4)	(15.4)
Transfers from (to) appropriation account	239.4	226.7	32.9
Ending balance	\$ 275.9	\$ 417.0	\$ 434.5
<b>APPROPRIATION CONTINGENCY FUND</b>			
Beginning balance	\$ 29.6	\$ 5.2	\$ 29.2
Disaster allotments	(28.8)	(16.0)	(16.0)
Other appropriations	-	-	-
Transfer from Oper Reserve to ACF (2012 GAA)	-	40.0	-
Revenue and reversions	4.3	-	-
Ending Balance	\$ 5.2	\$ 29.2	\$ 13.2
<b>Education Lock Box</b>			
Beginning balance	\$ 53.1	\$ 44.6	\$ 36.6
Appropriations (2010, 2011 and 2012 GAA Section 5)	(8.5)	(8.0)	-
Transfers in (out)	-	-	-
Ending balance	\$ 44.6	\$ 36.6	\$ 36.6
<b>STATE SUPPORT FUND</b>			
Beginning balance	\$ 1.0	\$ 1.0	\$ 1.0
Revenues	\$ -	\$ -	\$ -
Appropriations	\$ -	\$ -	\$ -
Ending balance	\$ 1.0	\$ 1.0	\$ 1.0
<b>TOBACCO PERMANENT FUND</b>			
Beginning balance	\$ 132.0	\$ 148.0	\$ 150.8
Transfers in	38.6	39.3	38.6
Appropriation to tobacco settlement program fund	(19.3)	(19.7)	(19.3)
Gains/Losses	16.0	2.8	11.3
Additional transfers to Program Fund	(19.3)	(19.7)	(19.3)
Ending balance	\$ 148.0	\$ 150.8	\$ 162.1
<b>TAX STABILIZATION RESERVE</b>			
Beginning balance	\$ 26.1	\$ 26.1	\$ 70.5
Transfers in	-	44.4	15.4
Ending balance	\$ 26.1	\$ 70.5	\$ 85.9
<b>GENERAL FUND ENDING BALANCES</b>	<b>\$ 500.8</b>	<b>\$ 705.0</b>	<b>\$ 733.2</b>
<i>Percent of Recurring Appropriations</i>	<i>9.6%</i>	<i>13.0%</i>	<i>13.0%</i>

\*2012 GAA authorizes \$55 million transfer from the operating reserve to the appropriation account if revenues are insufficient to meet appropriations.

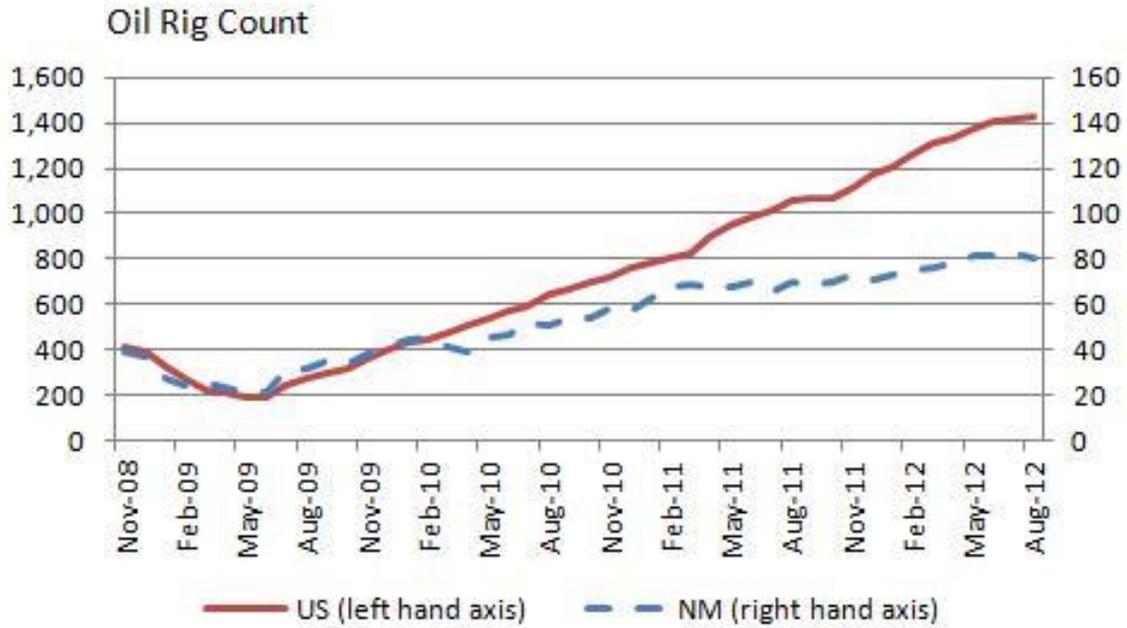
**Appendix 4**  
**August 2012 Bond Capacity Estimate**

<i>Sources and Uses of Funds</i>						
<i>Bonding Capacity Available for Authorization</i>						
<i>August 2012 Estimate</i>						
<b>Sources of Funds (millions)</b>	<b>FY13</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>	<b>FY17</b>	<b>Five-Year</b>
<b>General Obligation Bonds</b>	-	316.4	-	197.5	-	514.0
Severance Tax Bonds	222.5	222.5	222.5	222.5	222.5	1,112.5
Severance Tax Notes	112.0	94.1	90.7	76.5	60.1	433.4
<b>Subtotal Senior STBs</b>	<b>334.5</b>	<b>316.6</b>	<b>313.2</b>	<b>299.0</b>	<b>282.6</b>	<b>1,545.9</b>
Supplemental Severance Tax Bonds	-	-	-	-	-	-
Supplemental Severance Tax Notes	179.5	182.8	197.1	203.7	203.1	966.2
<b>Subtotal Supplemental STBs</b>	<b>179.5</b>	<b>182.8</b>	<b>197.1</b>	<b>203.7</b>	<b>203.1</b>	<b>966.2</b>
<b>Total Sources of Funds</b>	<b>\$514.0</b>	<b>\$815.8</b>	<b>\$510.3</b>	<b>\$700.3</b>	<b>\$485.7</b>	<b>\$3,026.1</b>
<b>Uses of Funds (millions)</b>	<b>FY13</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>	<b>FY17</b>	<b>Five-Year</b>
<b>Projects approved by referendum</b>	-	316.4	-	197.5	-	514.0
<b>New Statewide Capital Projects</b>	<b>223.7</b>	<b>253.3</b>	<b>250.6</b>	<b>239.2</b>	<b>226.1</b>	<b>1,192.8</b>
Authorized but Unissued STB Projects*	43.9	-	-	-	-	43.9
10% Water Projects	33.5	31.7	31.3	29.9	28.3	154.6
5% Colonias Projects	16.7	15.8	15.7	15.0	14.1	77.3
5% Tribal Projects	16.7	15.8	15.7	15.0	14.1	77.3
Education Capital	179.5	182.8	197.1	203.7	203.1	966.2
<b>Total Uses of Funds</b>	<b>\$514.0</b>	<b>\$815.8</b>	<b>\$510.3</b>	<b>\$700.3</b>	<b>\$485.7</b>	<b>\$3,026.1</b>

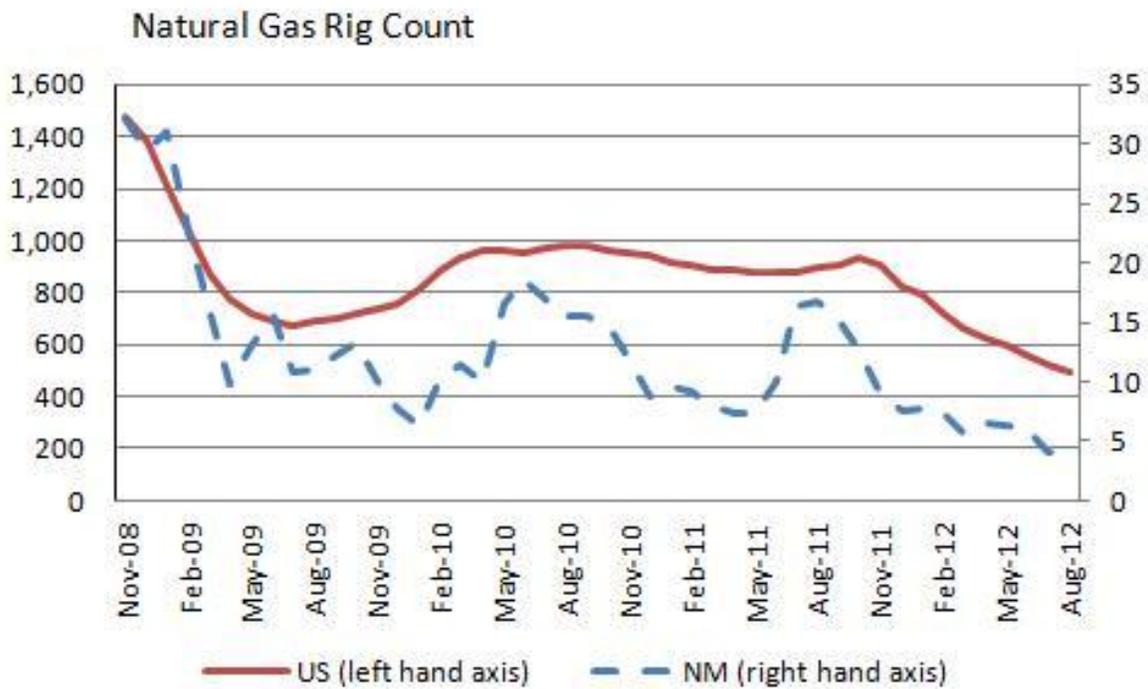
\*Includes projects authorized in Laws 2011 and 2012 that have not yet met requirements for project funding.

**Appendix 5  
NM and US Rig Counts**

**Figure 4**



**Figure 5**



**APPENDIX 6**

**Estimated 2012 Legislative Changes**

(Dollars in Thousands)

		<b>Revenue</b>	<b>FY12</b>	<b>FY13</b>	<b>FY14</b>
HB 184	Manufacturing and Construction Anti-Pyramiding	GRT		(16,548)	(32,519)
		Comp			(5,745)
HB 2	Land Maintenance Fund	SLO	(4,030)		
HB 10	Veteran's Hire	PIT/CIT		(1,710)	(1,420)
HB 123	Credit	PIT		(150)	(270)
<b>Total</b>			<b>(4,030)</b>	<b>(18,408)</b>	<b>(39,954)</b>

**High Wage Jobs Tax Credit**

(Dollars in Millions)

<b>FY07</b>	<b>FY08</b>	<b>FY09</b>	<b>FY10</b>	<b>FY11</b>	<b>FY12</b>	<b>FY13 Est</b>	<b>FY14 Est</b>
1.5	3.8	14.3	4.7	9.3	26	50	50

**APPENDIX 7**

FY12 Taxable Gross Receipts by Sector	FY12 Q4 (\$ millions)	Year % Change	FY12 (\$ millions)	Year \$ Change	Year % Change	% of Growth
Agriculture, Forestry, Fishing and Hunting	\$18.2	2.5%	\$57.9	-\$1.0	-1.8%	0.0%
Mining and Oil and Gas Extraction	\$900.0	10.8%	\$3,458.1	\$656.7	23.4%	27.8%
Utilities	\$482.9	3.5%	\$2,182.2	\$145.8	7.2%	6.2%
Construction	\$1,338.3	-3.1%	\$5,211.9	-\$119.9	-2.2%	-5.1%
Manufacturing	\$481.7	24.6%	\$1,837.0	\$419.2	29.6%	17.7%
Wholesale Trade	\$600.6	4.6%	\$2,273.6	\$187.1	9.0%	7.9%
Retail Trade	\$2,991.4	0.9%	\$12,036.5	\$396.3	3.4%	16.8%
Transportation and Warehousing	\$175.0	8.7%	\$867.1	\$187.2	27.5%	7.9%
Information and Cultural Industries	\$591.5	0.5%	\$2,367.3	\$264.2	12.6%	11.2%
Finance and Insurance	\$68.6	5.0%	\$249.9	\$0.0	0.0%	0.0%
Real Estate and Rental and Leasing	\$248.3	24.8%	\$881.8	\$132.1	17.6%	5.6%
Professional, Scientific and Technical Services	\$1,138.8	-1.7%	\$4,611.9	\$206.3	4.7%	8.7%
Management of Companies and Enterprises	\$11.4	38.4%	\$35.6	\$2.9	8.9%	0.1%
Admin and Support, Waste Mgt and Remed	\$421.0	-23.5%	\$1,779.6	-\$267.0	-13.0%	-11.3%
Educational Services	\$53.6	-13.4%	\$225.9	-\$26.4	-10.5%	-1.1%
Health Care and Social Assistance	\$543.7	-0.2%	\$2,122.6	\$33.4	1.6%	1.4%
Arts, Entertainment and Recreation	\$49.6	-8.4%	\$203.7	\$3.2	1.6%	0.1%
Accommodation and Food Services	\$906.9	4.6%	\$3,427.8	\$132.2	4.0%	5.6%
Other Services (except Public Admin)	\$1,245.8	0.5%	\$4,770.0	-\$49.4	-1.0%	-2.1%
Public Administration	\$40.9	-1.5%	\$220.8	\$39.6	21.9%	1.7%
Unclassified Establishments	\$43.0	110.0%	\$143.5	\$22.7	18.8%	1.0%
<b>Total</b>	<b>\$12,351.1</b>	<b>1.6%</b>	<b>\$48,964.7</b>	<b>\$2,365.4</b>	<b>5.1%</b>	<b>100.0%</b>