



OIL AND GAS PRODUCTION AND THE NEW MEXICO STATE BUDGET

**Presentation to the House Energy, Environment, and
Natural Resource Committee**

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Legislative Finance Committee

January 28, 2015

ENERGY-RELATED REVENUES

- Energy-Related Revenues are a major revenue source for various aspects of the state budget.
- Revenues support state operations (general fund, other beneficiaries), and capital outlay (severance tax bonding, general obligation bonding).
- Energy markets are inherently volatile, and although these revenues have supported growth in government spending, increasing reliance on energy-related revenues is also a risk.

OVERVIEW OF NEW MEXICO FINANCES: FY15 Budget

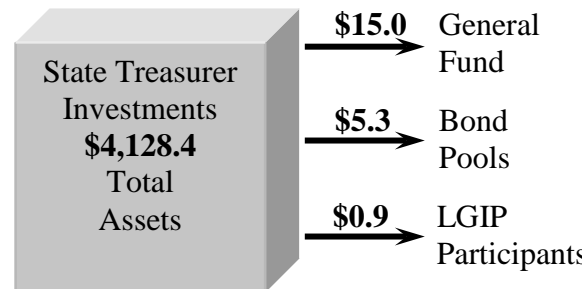
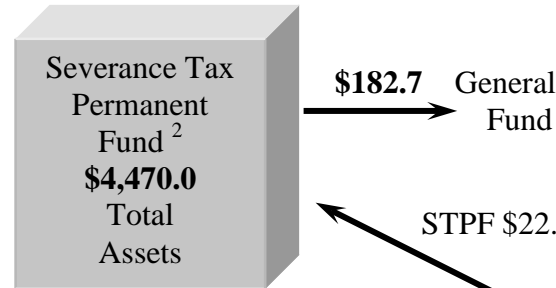
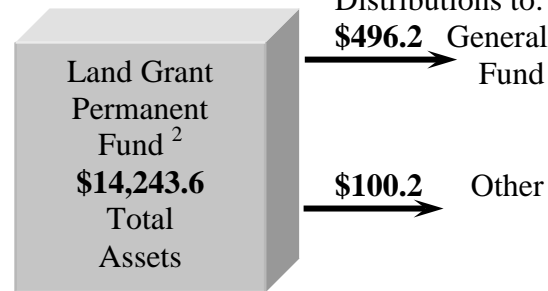
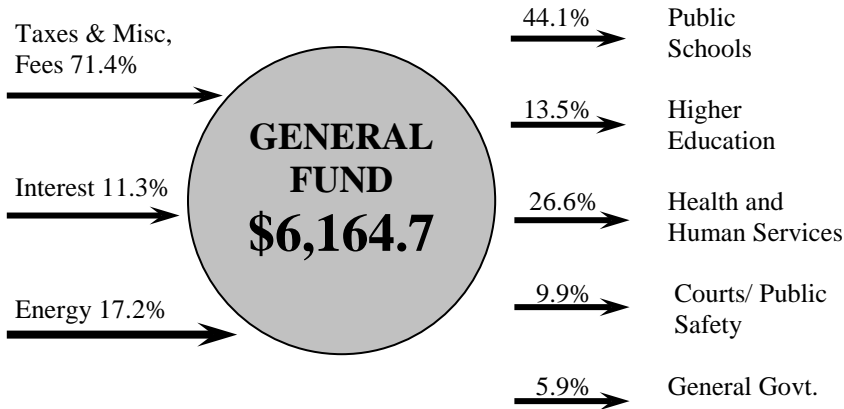
(millions of dollars)

DEBT SERVICE ³

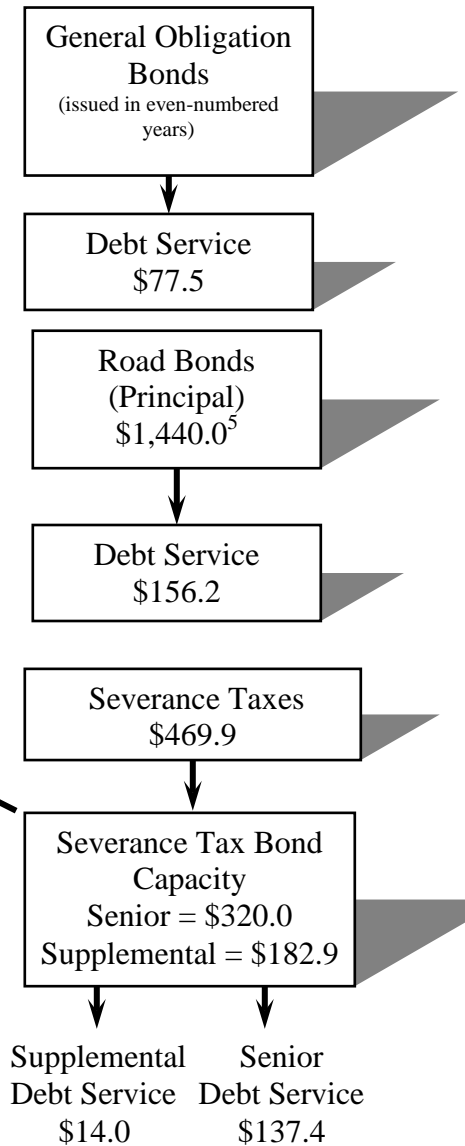
OPERATING FUNDS

INVESTMENTS ¹

Royalties on State Lands: \$722.8



Property Net Taxable Value: \$ 56,472.1 ⁴



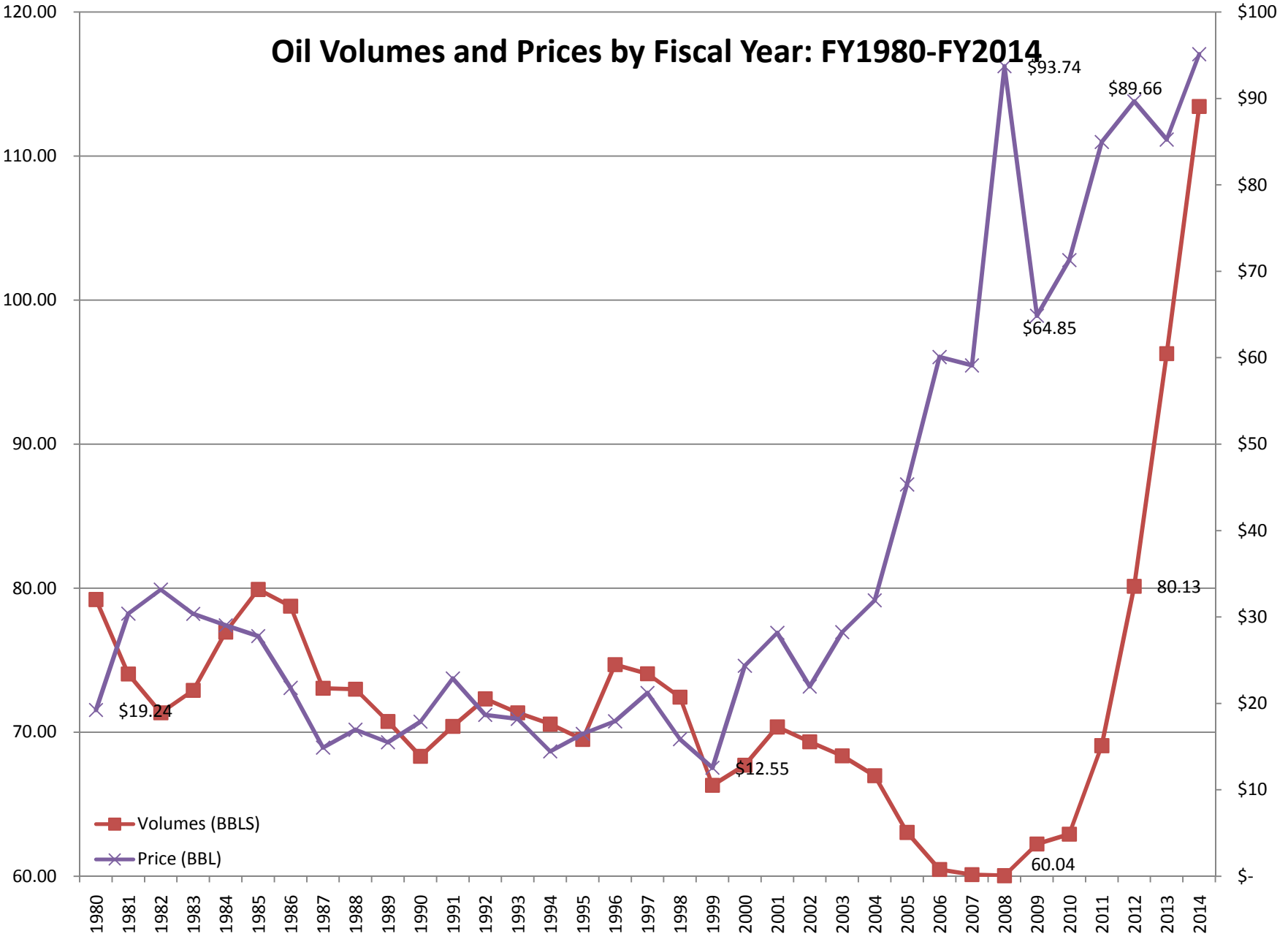
- 1 Investments exclude retirement funds
- 2 June 30, 2014 Value
- 3 Includes only state debt service
- 4 For property tax year 2014
- 5 Debt outstanding as of June 30, 2014

12/18/2014
Source: LFC Files

PRODUCTION TRENDS

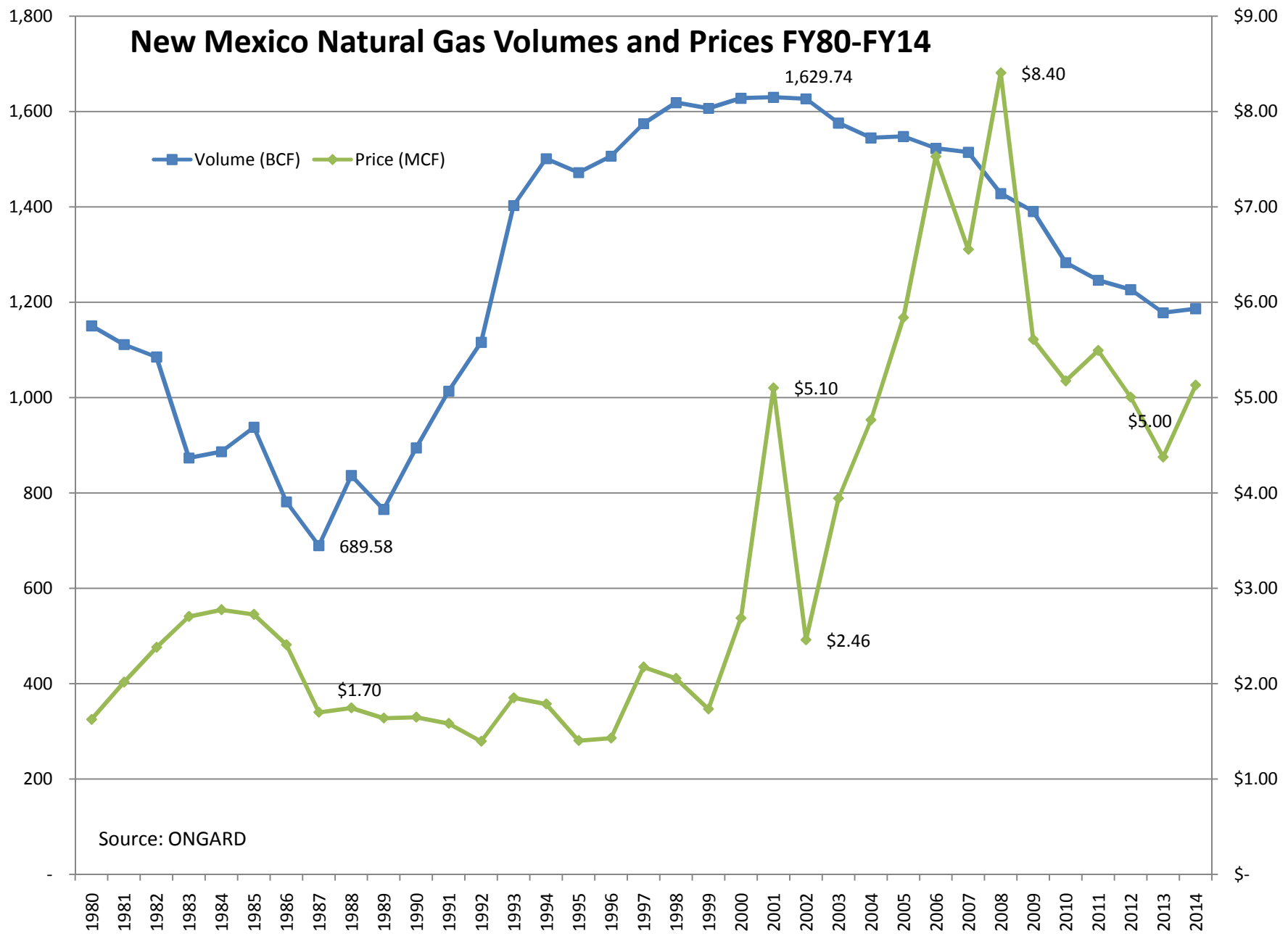
- Oil volumes increased by 16% in FY12, 20% in FY13, and 18% in FY14
- The forecast assumes positive growth of 7.6% in FY15 and 4.1% in FY16.
- Nationally, gas production continues to grow. US was world's largest natural gas producer in 2013 due to growing share of shale gas (40% of U.S. production)
- New Mexico gas volumes fell by 1.6% in FY12 and 4% in FY13 before a 0.7% increase in FY14. Volumes are expected to resume declining over the forecast period.

Oil Volumes and Prices by Fiscal Year: FY1980-FY2014



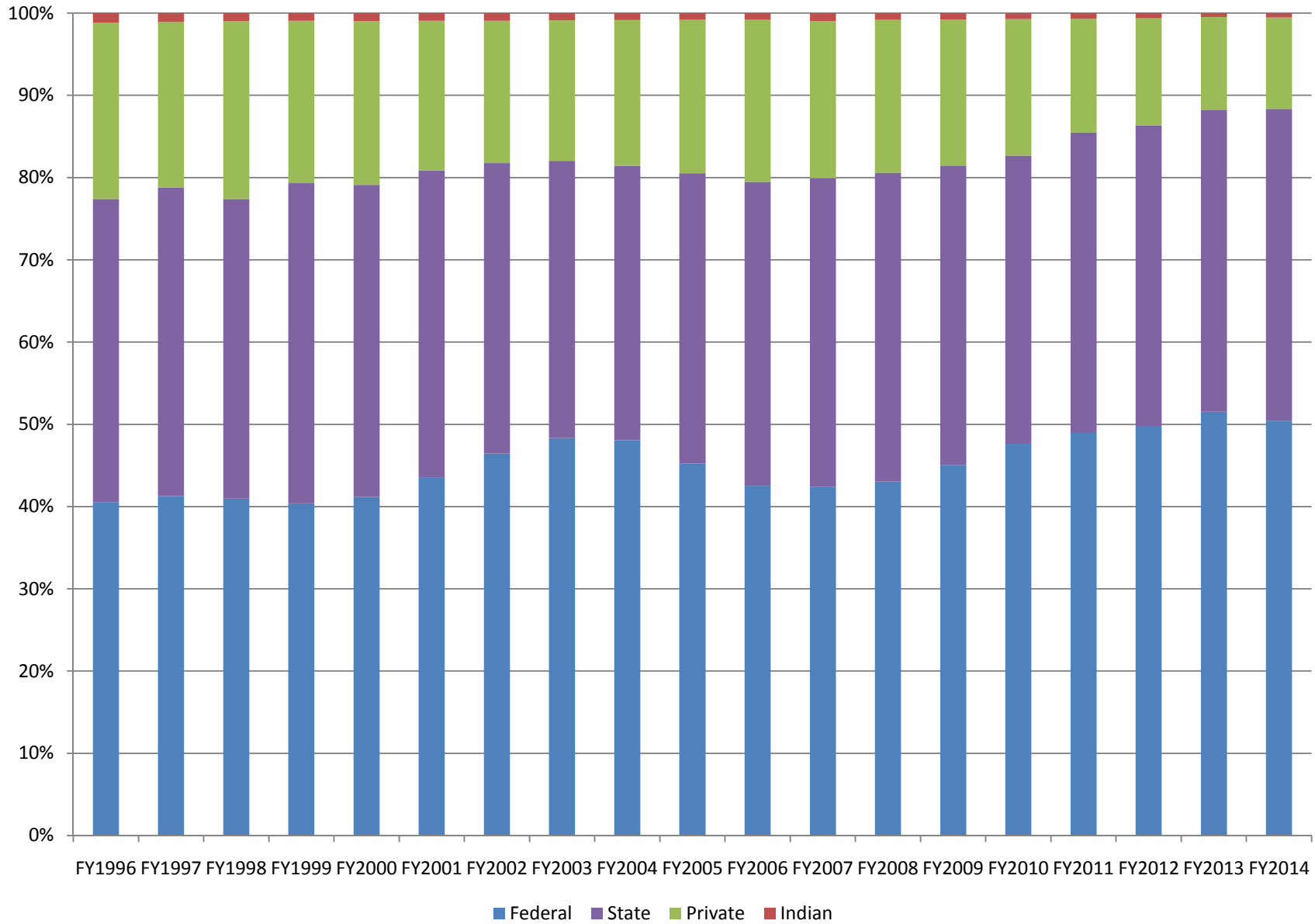
New Mexico Natural Gas Volumes and Prices FY80-FY14

Volume (BCF) Price (MCF)

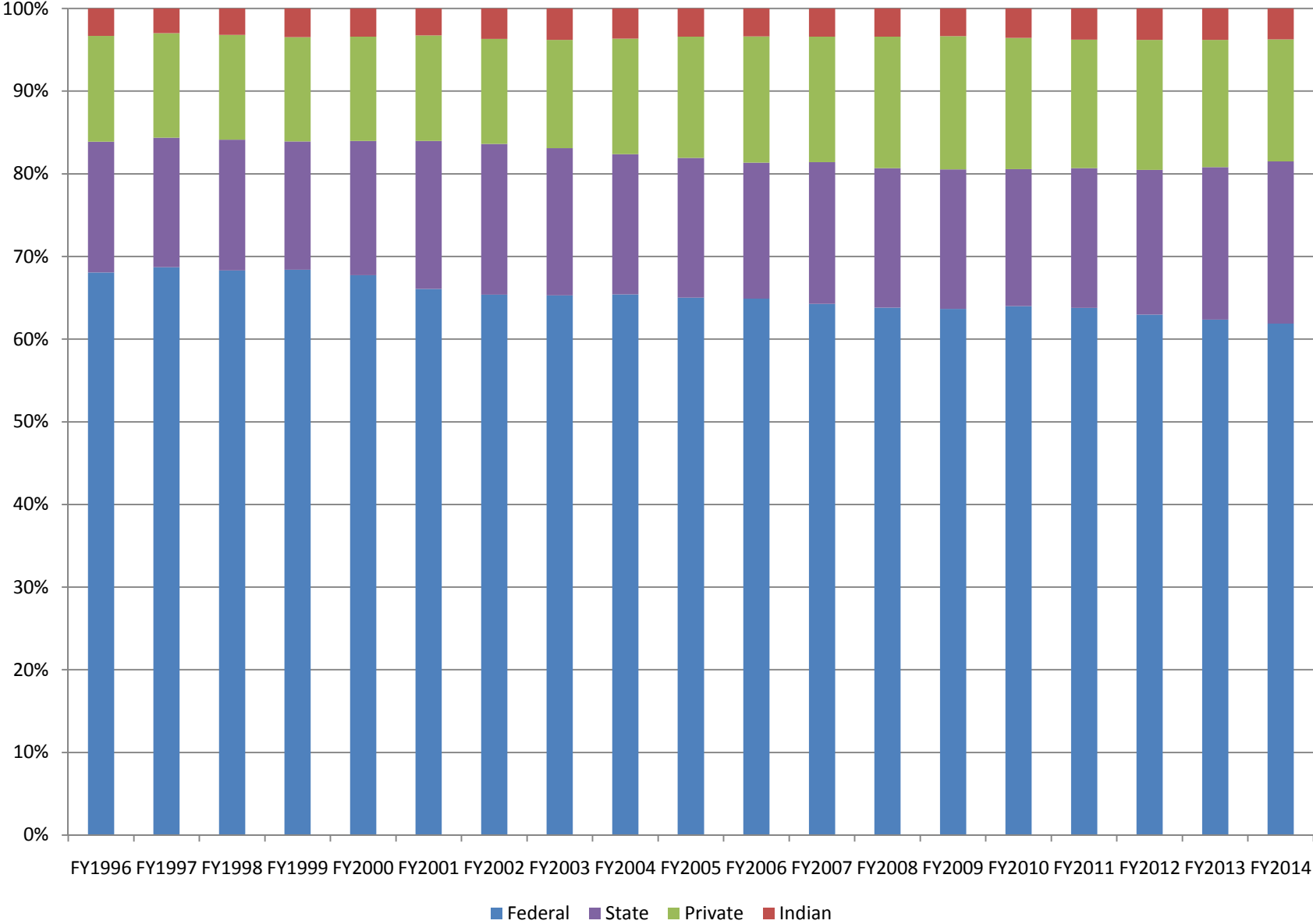


Source: ONGARD

Oil Volumes by Land Type - FY96-FY14



Natural Gas Volumes by Land Type - FY96-FY14



PRICES AND REVENUE SENSITIVITY

- As late as June 2014, the West Texas Intermediate (WTI) oil price was over \$105 per barrel, supported by unrest in the Middle East and the Ukraine-Russia conflict.
- Since then WTI prices have plummeted by more than a half, trading as low as \$45 per barrel.
- The New Mexico price differential to WTI is around \$5/bbl.
- Each additional \$1/bbl change in price sustained over one year is equivalent to a \$7.5 million change in general fund revenue.

PRICES AND REVENUE SENSITIVITY (CONTINUED)

- Natural gas prices have also declines since the December revenue estimate, with Henry Hub (Louisiana) prices falling more than \$1 per thousand cubic feet (mcf) since November, 2014.
- New Mexico natural gas prices see gains above Henry Hub prices due to prices paid for natural gas liquids (NGLs), which trend with oil prices.
- However, decline in oil price is placing downward pressure on NGL premium.
- Each \$0.10/mcf change in natural gas price is equivalent to an \$10 million change in general fund revenue.



Attachment 3 - U.S. and New Mexico Economic Indicators

		FY14	FY15		FY16		FY17		FY18		FY19	
		Dec14 Forecast	Aug14 Forecast	Dec14 Forecast	Aug14 Forecast	Dec14 Forecast	Aug14 Forecast	Dec14 Forecast	Aug14 Forecast	Dec14 Forecast	Aug14 Forecast	Dec14 Forecast
National Economic Indicators												
GI	US Real GDP Growth (annual avg., % YOY)*	2.5	2.3	2.7	3.0	2.5	3.4	3.2	2.9	3.0	2.7	2.7
Moody's	US Real GDP Growth (annual avg., % YOY)*	2.5	2.7	2.7	3.6	3.6	3.1	3.2	2.5	2.7	1.9	2.1
GI	US Inflation Rate (CPI-U, annual avg., % YOY)**	1.6	2.1	1.6	1.2	1.3	1.9	1.8	1.9	2.0	1.9	2.1
Moody's	US Inflation Rate (CPI-U, annual avg., % YOY)**	1.6	2.1	1.7	2.3	2.1	2.7	2.6	2.9	3.0	2.7	2.8
GI	Federal Funds Rate (%)	0.08	0.11	0.15	0.97	0.91	2.96	2.46	4.00	3.73	4.00	3.75
Moody's	Federal Funds Rate (%)	0.08	0.11	0.10	1.09	1.06	3.13	3.06	3.94	3.94	4.04	4.03
New Mexico Labor Market and Income Data												
BBER	NM Non-Agricultural Employment Growth	0.5	1.4	0.9	1.3	1.3	1.4	1.3	1.3	1.1	1.1	1.1
Moody's	NM Non-Agricultural Employment Growth	0.0	0.8	0.5	1.5	1.4	1.7	1.5	1.1	0.9	0.7	0.8
BBER	NM Nominal Personal Income Growth (%)***	0.5	4.0	3.0	4.8	4.1	5.4	4.9	5.2	5.0	4.8	4.7
Moody's	NM Nominal Personal Income Growth (%)***	0.5	2.4	2.5	3.3	2.6	4.8	4.2	4.2	3.9	3.6	3.9
BBER	NM Total Wages & Salaries Growth (%)	1.7	3.3	3.5	3.7	3.9	4.1	4.2	4.2	4.1	4.1	4.1
Moody's	NM Total Wages & Salaries Growth (%)	1.7	3.3	2.3	5.1	4.7	5.2	4.7	4.6	4.3	4.4	4.4
BBER	NM Private Wages & Salaries Growth (%)	2.4	4.1	4.3	4.5	4.5	4.8	4.5	4.8	4.3	4.6	4.3
BBER	NM Real Gross State Product (% YOY)	1.7	1.9	2.5	3.0	2.5	3.4	3.0	3.1	3.1	2.8	2.7
Moody's	NM Real Gross State Product (% YOY)	1.4	3.2	1.1	3.4	2.5	2.8	2.1	2.5	1.9	1.8	1.7
CREG	NM Oil Price (\$/barrel)	\$95.14	\$92.00	\$71.00	\$88.00	\$66.00	\$87.00	\$72.00	\$86.00	\$76.00	\$85.00	\$80.00
CREG	NM Taxable Oil Volumes (million barrels)	113.4	117.0	122.0	122.0	127.0	125.0	131.0	127.0	133.0	129.0	135.0
	NM Taxable Oil Volumes (%YOY growth)	20.4%	6.4%	7.6%	4.3%	4.1%	2.5%	3.1%	1.6%	1.5%	1.6%	1.5%
CREG	NM Gas Price (\$ per thousand cubic feet)****	\$5.13	\$5.20	\$4.90	\$5.25	\$4.90	\$5.30	\$4.95	\$5.35	\$5.10	\$5.40	\$5.20
CREG	NM Taxable Gas Volumes (billion cubic feet)	1,187	1,158	1,181	1,124	1,150	1,090	1,118	1,057	1,088	1,025	1,052
	NM Taxable Gas Volumes (%YOY growth)	1.0%	-1.0%	-0.5%	-2.9%	-2.6%	-3.0%	-2.8%	-3.0%	-2.7%	-3.0%	-3.3%

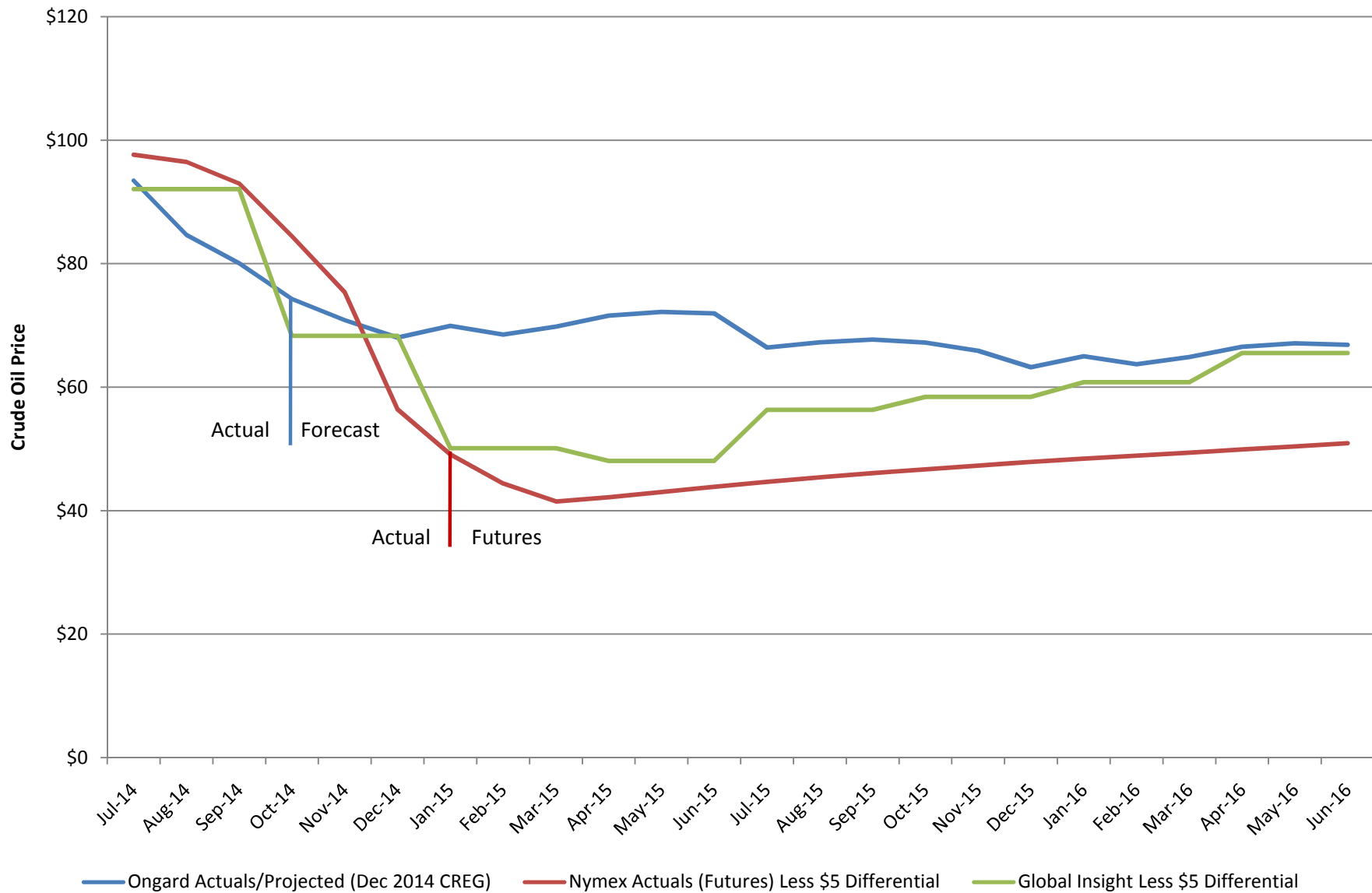
LFC, TRD Notes

* Real GDP is BEA chained 2009 dollars, billions, annual rate
 ** CPI is all urban, BLS 1982-84=1.00 base
 ***Nominal Personal Income growth rates are for the calendar year in which each fiscal year begins
 Sources: BBER - October 2014 FOR-UNM baseline. Global Insight - November 2014 baseline.

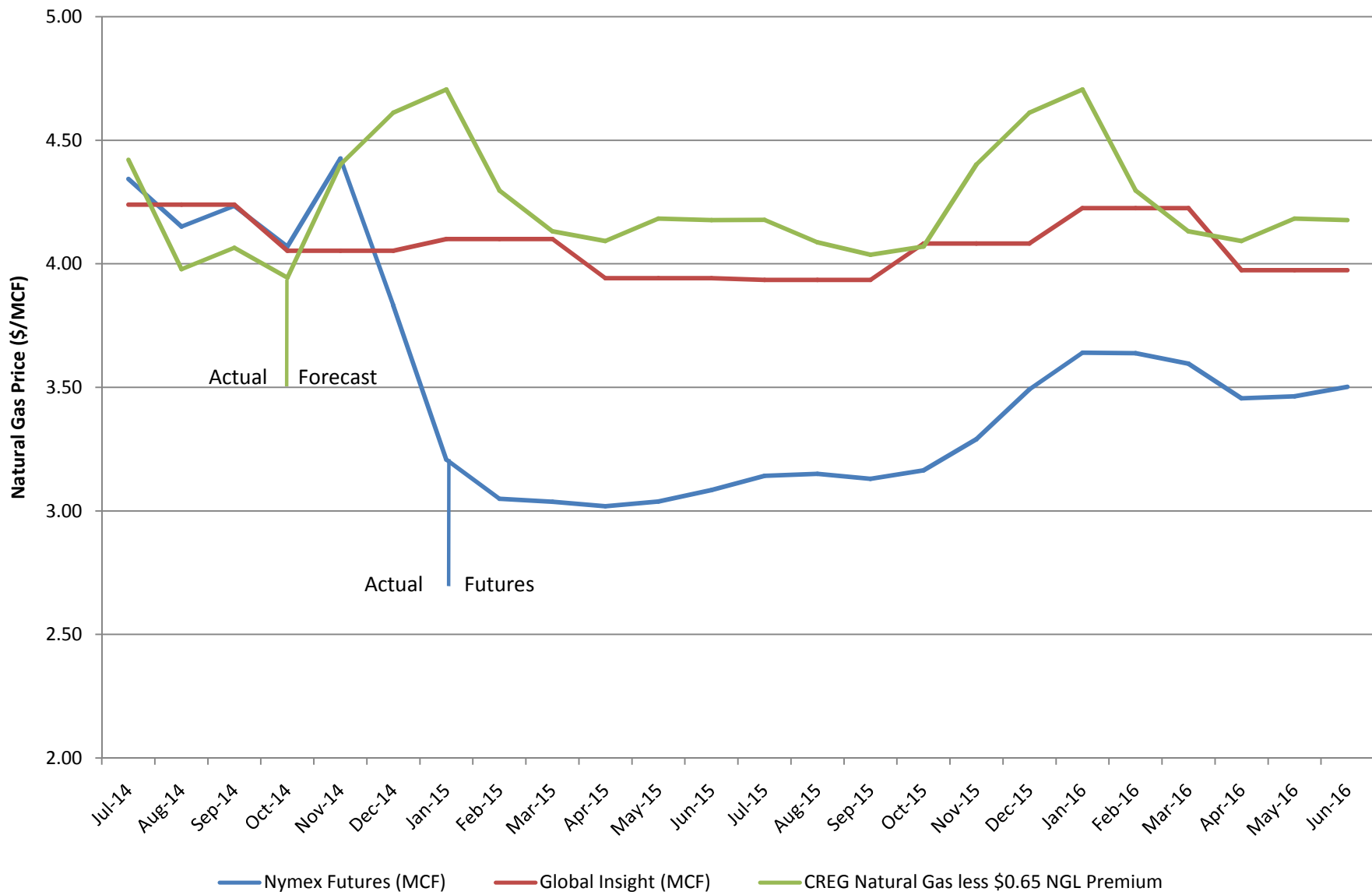
DFA Notes

****The gas prices are estimated using a formula of NYMEX, EIA, and Moody's (October) future prices as well as a liquid premium based on oil price forecast
 Sources: Moody's Analytics, August baseline forecast for national and New Mexico data.

Comparison of ONGARD, NYMEX, and Global Insight Oil Prices and Forecasts - January 20, 2015



Comparison of CREG, NYMEX, and Global Insight Natural Gas Prices and Forecasts - January 20, 2015



Attachment 1 - General Fund Consensus Revenue Estimate - December 2014

	FY14		FY15					FY16				
	Unaudited Actual	\$ Change from FY13	Aug 2014 Est.	Dec 2014 Est.	Change from Prior	% Change from FY14	\$ Change from FY14	Aug 2014 Est.	Dec 2014 Est.	Change from Prior	% Change from FY15	\$ Change from FY15
Gross Receipts Tax	1,992.0	74.4	2,061.0	2,090.0	29.0	4.9%	98.0	2,160.0	2,195.0	35.0	5.0%	105.0
Compensating Tax	78.4	27.5	63.9	63.9	-	-18.5%	(14.5)	65.9	65.9	0.0	3.1%	2.0
TOTAL GENERAL SALES	2,070.4	101.8	2,124.9	2,153.9	29.0	4.0%	83.5	2,225.9	2,260.9	35.0	5.0%	107.0
Tobacco Taxes	78.5	(7.6)	79.8	79.0	(0.8)	0.7%	0.5	78.7	78.1	(0.6)	-1.1%	(0.9)
Liquor Excise	26.4	0.1	27.2	26.7	(0.5)	1.3%	0.3	6.9	6.7	(0.2)	-74.9%	(20.0)
Insurance Taxes	115.1	7.5	159.0	140.0	(19.0)	21.7%	24.9	188.0	183.0	(5.0)	30.7%	43.0
Fire Protection Fund Reversion	16.1	(2.2)	16.5	14.9	(1.6)	-7.4%	(1.2)	15.5	13.8	(1.7)	-7.4%	(1.1)
Motor Vehicle Excise	133.3	7.8	137.3	141.3	4.0	6.0%	8.0	142.9	145.6	2.7	3.0%	4.3
Gaming Excise	66.5	3.4	67.9	67.9	-	2.2%	1.4	68.1	68.1	-	0.3%	0.2
Leased Vehicle Surcharge	5.2	0.2	5.3	5.2	(0.1)	-0.1%	(0.0)	5.3	5.2	(0.1)	0.0%	-
Other	2.9	5.4	0.3	1.1	0.8	-64.3%	(1.9)	2.4	2.4	-	128.6%	1.4
TOTAL SELECTIVE SALES	443.9	14.7	493.3	476.1	(17.2)	7.3%	32.2	507.8	502.9	(4.9)	5.6%	26.9
Personal Income Tax	1,254.9	14.0	1,305.0	1,305.0	-	4.0%	50.1	1,345.0	1,345.0	-	3.1%	40.0
Corporate Income Tax	196.8	(70.4)	215.0	215.0	-	9.3%	18.2	210.0	210.0	-	-2.3%	(5.0)
TOTAL INCOME TAXES	1,451.7	(56.4)	1,520.0	1,520.0	-	4.7%	68.3	1,555.0	1,555.0	-	2.3%	35.0
Oil and Gas School Tax	500.7	120.8	487.3	421.1	(66.2)	-15.9%	(79.6)	482.9	408.6	(74.3)	-3.0%	(12.5)
Oil Conservation Tax	27.2	6.5	26.6	22.7	(3.9)	-16.7%	(4.5)	26.4	22.1	(4.3)	-2.6%	(0.6)
Resources Excise Tax	13.0	(0.5)	11.5	12.7	1.2	-2.4%	(0.3)	11.5	12.7	1.2	0.0%	-
Natural Gas Processors Tax	16.2	(8.0)	18.8	19.0	0.2	17.3%	2.8	20.9	21.0	0.1	10.5%	2.0
TOTAL SEVERANCE TAXES	557.1	118.8	544.2	475.5	(68.7)	-14.6%	(81.6)	541.7	464.4	(77.3)	-2.3%	(11.1)
LICENSE FEES	51.7	1.7	51.6	51.6	-	-0.1%	(0.1)	51.8	51.8	-	0.3%	0.2
LGPF Interest	449.4	8.5	496.2	496.2	-	10.4%	46.8	545.6	545.6	-	10.0%	49.4
STO Interest	19.0	4.3	25.0	15.0	(10.0)	-21.0%	(4.0)	45.0	35.0	(10.0)	133.3%	20.0
STPF Interest	170.5	(5.7)	182.7	182.7	-	7.2%	12.2	193.6	193.6	-	6.0%	10.9
TOTAL INTEREST	638.9	7.1	703.9	693.9	(10.0)	8.6%	55.0	784.2	774.2	(10.0)	11.6%	80.4
Federal Mineral Leasing	569.9	110.2	573.1	532.0	(41.1)	-6.6%	(37.9)	569.4	487.0	(82.4)	-8.5%	(45.0)
State Land Office	47.5	2.8	52.9	47.5	(5.4)	0.0%	0.0	50.6	47.5	(3.1)	0.0%	-
TOTAL RENTS & ROYALTIES	617.3	113.1	626.0	579.5	(46.5)	-6.1%	(37.8)	619.9	534.5	(85.4)	-7.8%	(45.0)
TRIBAL REVENUE SHARING	67.6	(3.1)	70.0	70.0	-	3.6%	2.4	53.3	53.3	-	-23.9%	(16.7)
MISCELLANEOUS RECEIPTS	45.0	3.7	52.9	46.6	(6.3)	3.5%	1.6	56.1	49.9	(6.2)	7.2%	3.3
REVERSIONS	96.5	30.8	53.0	53.0	-	-45.1%	(43.5)	40.0	45.0	5.0	-15.1%	(8.0)
TOTAL RECURRING	6,040.1	332.1	6,239.7	6,120.0	(119.7)	1.3%	79.9	6,435.7	6,291.9	(143.8)	2.8%	171.9
TOTAL NON-RECURRING	0.4	(0.2)	-	-	-	-100.0%	(0.4)	-	-	-	na	-
GRAND TOTAL	6,040.5	331.9	6,239.7	6,120.0	(119.7)	1.3%	79.5	6,435.7	6,291.9	(143.8)	2.8%	171.9

Oil and Gas State Severance Taxes as of 2012

State	Type of Tax	Description of Tax Rates
Alabama	Oil and Gas Privilege Tax on Production	8 percent of gross value at point of production 4 percent of gross value at point of incremental production for enhanced recovery projects 4 percent if oil wells produce 25 barrels or less per day or if gas wells produce 200,000 cubic feet or less gas per day 6 percent of gross value at point of production for certain on-shore and off-shore wells. 50 percent rate reduction for wells permitted by the oil and gas board on or after July 1, 1996 and before July 1, 2002 for 5 years from initial production, except for replacement wells for which the initial permit was dated before July 1, 1996.
Alaska	Petroleum Profits Tax (PPT)	production minus certain lease expenditures 22.5 percent net value at wellhead There is an additional surcharge for each dollar when net value exceeds \$40 per barrel. This cannot exceed 25 percent of the monthly production tax value of taxable oil and gas. Conservation surcharge of 4 cents per barrel and an additional 1 cent per barrel if there is less than \$50 million in the Hazardous Release Fund
Arizona	Severance Tax	3.125 percent for oil and gas production and nonmetal mining
Arkansas	Oil and Gas Conservation Tax	0.3 of \$0.01 cent per MCF for natural gas Four percent to five percent depending on production levels for crude oil
California	Oil and Gas Production Assessment	Rate determined annually by Department of Conservation
Colorado	Severance Tax	Two to five percent based on gross income for oil, gas, carbon dioxide and coalbed methane Four percent of gross proceeds on production exceeding 15,000 tons per day for oil shale
	Oil and Gas Conservation Levy	Maximum 1.5 mills/\$1 of market value at wellhead
	Oil, Gas and Sulfur Production Tax	Five percent of gross value for small well oil Eight percent of gross value for all other and an additional 12.5 percent for escaped oil For gas, the gas base rate times the gas base adjustment rate each fiscal year
Florida	Oil and Gas Production Tax	
Idaho	Additional Oil and Gas Petroleum Production Tax	Maximum of five mills/bbl of oil and five mills/50,000 cubic feet of gas Two percent of market value at site of production
Indiana	Petroleum Production Tax	One percent of value or \$0.24 per barrel for oil, or \$0.03 per 1,000 cubic feet of gas (whichever is greater)
Kansas	Severance Tax	Eight percent of gross value of oil and gas, less property tax credit of 3.67 percent 91 mills/bbl crude oil or petroleum marketed or used each month 12.9 mills/1,000 cubic feet of gas sold or marketed each month
	Oil and Gas Conservation Tax	
Kentucky	Oil Production Tax	4.5 percent of market value
	Natural Resource Severance Tax	4.5 percent of gross value, less transportation expenses
	Natural Resources Severance Tax	Varies according to substance
Louisiana	Oil Field Restoration Fee	Varies according to type of well and production Five percent for gas 6.6 percent for oil
Michigan	Gas and Oil Severance Tax	Four percent (oil from stripper wells and marginal properties) of gross cash market value of the total production Maximum additional fee of 1 percent gross cash market value on all oil and gas produced in state in previous year
Mississippi	Oil and Gas Severance Tax	Six percent of the value at point of gas production Three percent of gross value of occluded natural gas from coal seams at point of production for the well's first five years Maximum .35 mills/bbl, oil or four mills/1,000 cubic feet of gas (Oil and Gas Board maintenance tax) Six percent of value at the point of oil production Three percent of value at production when enhanced oil recovery is used
Montana	Oil or Gas Conservation Tax	Maximum of 0.3 percent on the market value of each barrel of crude petroleum oil or 10,000 cubic feet of natural gas produced, saved and marketed or stored within or exported from the state
	Oil or Natural Gas Production Tax	Varies from 0.5 percent to 14.8 percent according to the well and type of production

Oil and Gas State Severance Taxes as of 2012

Nebraska	Oil and Gas Severance Tax	Three percent of value of nonstripper oil and natural gas
	Oil and Gas Conservation Tax	Two percent of value of stripper oil. Maximum of 1.5 mills/\$1 of value at wellhead
Nevada	Oil and Gas Conservation Tax	\$50/mills/bbl of oil and 50 mills/50,000 cubic feet of gas
New Hampshire	Refined Petroleum Products Tax	0.1 percent of fair market value
	Excavation Tax	\$0.02 per cubic yard of earth excavated
New Mexico	Oil and Gas Severance Tax	3.75 percent of value of oil, other liquid hydrocarbons, natural gas and carbon dioxide
	School Tax	• 3.15 percent of value of oil, other liquid hydrocarbons and carbon dioxide; Four percent of the value of natural gas
	Natural Gas Processor's Tax	\$0.0220/mmBtu tax on the volume
	Oil and Gas Ad Valorem Production Tax	Based on property tax in the district of production
	Oil and Gas Conservation Tax	0.19 Percent of value
North Carolina	Oil and Gas Conservation Tax	Maximum of five mills/barrel of oil and 0.5 mill/1,000 cubic feet of gas
North Dakota	Oil Gross Production Tax	Five percent of gross value at the well
	Gas Gross Production Tax	\$0.04 per 1,000 cubic feet of gas produced. The rate is subject to a gas rate adjustment each fiscal year.
	Oil Extraction Tax	6.5 percent of gross value at the well. Exceptions exist for certain production volumes and incentives for enhanced recovery projects.
		\$0.10/bbl of oil
		\$0.025/1,000 cubic feet of natural gas
Ohio	Resource Severance Tax	Seven percent if greater than \$2.10 mcf; four percent if greater than \$1.75 mcf but less than \$2.10 mcf; and one percent if less than \$1.75 mcf natural gas and casinghead gas (a byproduct of natural gas extraction), and 0.95 percent levied on crude oil, casinghead gas and natural gas. Oil Gross Production Tax is variable based on the average price of Oklahoma oil. The tax rate is seven percent if average price is equal to or exceeds \$17/bbl; four percent if the average price is less than \$17/bbl but equal to or exceeds \$14/bbl; and one percent if the average price is less than \$14/bbl.
Oklahoma	Oil, Gas and Mineral Gross Production Tax and Petroleum Excise Tax	
Oregon	Oil and Gas Production Tax	Six percent of gross value at well
South Dakota	Energy Minerals Severance Tax	4.5 percent of taxable value of all energy minerals
	Conservation Tax	2.4 mills of taxable value of all energy minerals
Tennessee	Oil and Gas Severance Tax	Three percent of sales price
	Natural Gas Production Tax	7.5 percent of market value of gas Condensate Production Tax is 4.6 percent of market value of gas 4.5% of market value of oil
	Oil-Field Cleanup Regulatory Fees	5/8 of \$0.01/barrel 1/15 of \$0.01/1,000 cubic feet of gas
Utah	Oil and Gas Severance Tax	Three percent of value for the first \$13 per barrel of oil and five percent if the value is \$13.01 or higher Three percent of value for the first \$1.50/mcf and five percent if the value is \$1.51 or higher Four percent of taxable value of natural gas liquids
	Oil and Gas Conservation Fee	0.002 percent of market value at the wellhead
West Virginia	Natural Resource Severance Taxes	Five percent of gross value for natural gas; ten percent of net tax is distributed to local governments Five percent of gross value for oil; ten percent of net tax is distributed to local governments Additional tax for workers' compensation debt reduction rate of \$0.047/mcf of natural gas produced
Wisconsin	Oil and Gas Severance Tax	Seven percent of market value of oil or gas at the mouth of the well Six percent on crude oil, lease condensate or natural gas Four percent for stripper oil
Wyoming	Severance Taxes	

Source: NCSL

Tabular Summary of Study Results

- **FY2013 General Fund contributions from oil and natural gas production**

FY 2013 General Fund			
Category	Amount (\$ millions)	OGAS Attributed Amounts (\$ millions)	Approx. % OGAS
Gross Receipts Tax	\$1,912.7	\$127.5	6.7%
Compensating Tax	\$50.7	\$14.8	29.2%
Selective Sales Taxes	\$405.2	>0	0.0%
Net Personal Income	\$1,225.7	\$120.3	9.8%
Corporate Income Tax	\$263.0	\$54.0	20.5%
Oil & Gas School Tax	\$385.0	\$385.0	100.0%
7% Oil Conservation	\$21.2	\$20.2	95.2%
Resources excise	\$15.1	\$0.0	0.0%
Natural Gas Processors	\$24.2	\$24.2	100.0%
Perm. Fund Income	\$440.9	\$425.9	96.6%
Sev Tax Income Fund	\$176.2	\$151.5	86.0%
Federal Mineral Leasing	\$459.6	\$407.6	88.7%
Land Office Income	\$44.6	\$30.3	68.0%
All other categories	\$166.2	\$0.0	0.0%
Recurring General Fund/Total	\$5,590.2	\$1,761.2	31.5%

- **Percentage of LGPF attributed to Oil and Natural Gas Production**
96.6%
- **Percentage of STPF attributed to Oil and Natural Gas Production**
86%
- **Percentage of General Fund Attributed to Oil and Natural Gas Production**
31.5%
- **FY 2013 Severance Taxes Paid to STBF and a portion thence to STPF (after bond repayments)**
\$419,992,937, with \$0 to STPF
- **FY 2013 Severance Tax Bond projects**
769 projects for \$218,132,000 (of which \$207,225,000 is attributed to Oil and Natural Gas production – Severance Taxes)
- **7-year total Severance Tax Bond Projects**
\$1,449,994,000 (of which, \$1,248,767,000 attributed to Oil and Natural Gas production (severance taxes paid))

SEVERANCE TAX BONDS OVERVIEW

- Severance tax bonds are issued against revenues from severance taxes, which are taxes imposed when natural resources, including oil, gas, coal, and other minerals are “severed” from the ground.
- Revenues from such taxes are initially deposited in the Severance Tax Bonding Fund (STBF.)
- The New Mexico Board of Finance estimates severance tax bonding capacity every year by the fifteenth of January based upon projected annual severance tax receipts.
- The state typically issues three different types of severance tax backed debt offerings: senior long-term bonds, senior notes, and supplemental notes.
- Statute a provides a maximum of 95 percent of the prior year’s severance tax revenues can be used to service debt issuances. (50 percent senior, 45 percent supplemental)
- Each 12/31 and 6/30 - transfer to the STPF all money in the severance tax bonding fund less the amount necessary to make the next two debt service payments.

LFC FORECAST OF CAPITAL OUTLAY AVAILABLE - December 2014 ESTIMATE

(in millions of dollars)

Severance Tax Bonding (STB)	FY15	FY16	FY17	FY18	FY19
Senior Long-Term Issuance	\$191.8	\$191.8	\$191.8	\$191.8	\$191.8
Senior Sponge Issuance	\$128.2	\$92.7	\$67.1	\$71.4	\$72.2
Senior STB Capacity	\$320.0	\$284.5	\$258.9	\$263.2	\$264.0
Authorized but Unissued	(\$25.2)	\$0.0	\$0.0	\$0.0	\$0.0
Water Project Fund (Statutory 10% of STB)	(\$32.0)	(\$28.5)	(\$25.9)	(\$26.3)	(\$26.4)
Tribal Infrastructure Fund (Statutory 5% of STB)	(\$16.0)	(\$14.2)	(\$12.9)	(\$13.2)	(\$13.2)
Colonias Infrastructure Project Fund (Statutory 5% of STB)	(\$16.0)	(\$14.2)	(\$12.9)	(\$13.2)	(\$13.2)
Road Projects (LFC Rec - 10% of STB)	(\$32.0)	(\$28.5)	(\$25.9)	(\$26.3)	(\$26.4)
Net Senior STB Capacity	\$198.8	\$199.2	\$181.3	\$184.3	\$184.8
Supplemental Long-Term Issuance	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Supplemental Sponge Issuance	\$182.9	\$188.1	\$190.9	\$201.9	\$210.2
Supplemental STB Capacity	\$182.9	\$188.1	\$190.9	\$201.9	\$210.2
Total STB Capacity	\$502.9	\$472.6	\$449.8	\$465.2	\$474.2

Source: Board of Finance and LFC Files

Detail of General Obligation Bond Capacity

(in millions of dollars)

		Net Taxable Value (millions) (1)					Debt Capacity Calculation				Property Tax Calculation				
		Residential	Non-Residential	Oil & Gas		Copper	NTV	NTV	Principal of	Principal Paid	Max	Flat Mill	Total PTY	Est	Actual
		Values	Values	Production	Equipment	Production	Total	Growth	Debt	on Mar 1 of	Capacity	Capacity	Debt Service	Mill Levy	Mill Levy
									Outstanding (2)	Issuing Yr (3)					
PTY2011	act	30,266	16,594	4,884	985	117	52,846								1.36
PTY2012	act	30,794	16,639	5,782	1,156	119	54,491	3.1%							
PTY2013	act	31,321	16,824	5,367	1,064	149	54,726	0.4%	372.7				74.5	1.36	
PTY2014	prelim	31,575	17,002	6,426	1,285	185	56,473	3.2%	311.3	63.6	317.1	167.0	74.0	1.31	
PTY2015	est	32,838	17,682	6,804	1,378	120	58,823	4.2%	414.6				80.9	1.38	
PTY2016	est	34,152	18,390	5,966	1,208	120	59,836	1.7%	349.1	68.3	317.5	187.3	80.9	1.35	
PTY2017	est	35,518	19,125	6,169	1,249	120	62,182	3.9%	468.1				87.5	1.41	
PTY2018	est	36,939	19,890	6,498	1,316	120	64,763	4.2%	399.1	71.88	320.4	186.0	87.4	1.35	
PTY2019	est	38,416	20,686	6,767	1,370	120	67,359	4.0%	513.2				85.7	1.27	
PTY2020	est	39,953	21,513	6,699	1,357	120	69,642	3.4%	449.1	66.66	314.0	110.0	85.7	1.23	
PTY2021	est	41,551	22,374	6,632	1,343	120	72,020	3.4%	492.5				97.3	1.35	
PTY2022	est	43,213	23,269	6,566	1,330	120	74,497	3.4%	416.5	79.08	407.6	177.0	97.3	1.31	
PTY2023	est	44,941	24,200	6,500	1,316	120	77,078	3.5%	514.4				104.6	1.36	
PTY2024	est	46,739	25,168	6,435	1,303	120	79,765	3.5%	433.0	85.07	449.7	449.7	104.6	1.31	

Source: DFA and LFC Files

General Obligation Bond Capacity Assumptions:

- (1) Property Tax Year is September 1 to August 30. Property tax year 2014 is based on initial valuations. Projections 2015 forward based on 4% residential and non-residential growth. Oil & Gas Production and Equipment estimates based on consensus revenue price and volume assumptions through PTY18, declining at 1% thereafter.
- (2) Includes all outstanding general obligation bonds as of 11/25/14.
- (3) Bond term is 10 years, dated 3/1, with principal due 3/1. First full year debt service in year following issuance.