

**General Fund Revenue and Economic Update
Legislative Finance Committee**

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March 21, 2016 /Tgxkgf

Summary.

- In January, consensus revenue estimating analysts considered new information available since the December estimate, including further declines in oil and gas prices, additional year-to-date tax revenue collection data, actual and preliminary, and updated forecasts from national and state-level forecasting services.
- Compared with the December 2015 forecast, the FY16 recurring revenue estimate was revised downward by \$144.8 million to \$6.02 billion and the FY17 revenue estimate was revised downward by \$201.7 million to \$6.26 billion.
- Following a continuing string of bad economic and energy market news during the 2016 legislative session, the Department of Finance and Administration and the Legislative Finance Committee jointly provided guidance to legislative leaders for additional reductions of \$125 million in FY16 and FY17 for budgeting purposes. These additional reductions are not reflected in the consensus revenue forecast however, LFC prepared the tracking reports, revenue forecasts and the general fund financial summary to show the impact of the reduction by \$125 million for both fiscal years.
- FY15-ending reserve balances were \$713 million, or 11.6 percent of recurring appropriations. Reflecting 2016 legislative action, projected FY16-ending reserve balances are \$349.3 million, or 5.6 percent of recurring appropriations. Projected FY17-ending balances are \$343.6 million or 5.5 percent. A healthy level to maintain bond ratings and to provide a cushion for economic volatility is 10 percent.

Employment and Income Trends.

- Employment growth in the state came to a halt in December with revised employment numbers. On March 14th, the Workforce Solutions Department provided the Monthly Employment News Release stating employment dropped by 1,800 jobs, or 0.2 percent, year-over-year in January 2016. Small increases in employment in the Albuquerque, Santa Fe and Las Cruces metro areas were insufficient to maintain positive overall job growth for the state, while the Farmington metro lost 1,410 jobs, or -2.7 percent.
- Almost every sector is bad or weak except healthcare, hospitality and professional services. Employment in construction has been rather weak to flat. The leisure and hospitality, education and health services, and professional and business services were responsible for 84 percent to 94 percent of all gross job gains each month since May 2015. Also since May, the mining sector has contracted every month, shedding 7,700 jobs, or 26.6 percent, year-over-year in January 2016. The transportation, warehousing and utilities industries experienced the second largest loss of 1,500 jobs, or 6.1 percent.
- Average hourly earnings also declined by the end of 2015 compared with 2014. December 2015 average hourly earnings were \$16.73, down from \$16.93 the year before. This is a decline of 1.2 percent and largely reflects higher wage jobs in the oil and gas industry being replaced with lower wage jobs, including those in the leisure and hospitality industry.

Energy Market Trends.

- Oil prices continued their steep decline since December, with West Texas Intermediate (WTI) prices reaching as low as \$26 before rebounding to settle in the \$36 to \$48 range in recent weeks. Natural gas prices (for dry gas) declined to \$1.80 per thousand cubic feet (mcf) in mid-December, rose to \$2.20 in mid-January during the forecasting process, and declined sharply to \$1.50 in recent weeks.
- In January, the FY16 oil price estimate was lowered from \$44 per barrel (bbl) to \$37/bbl, and the FY17 oil price estimate was lowered from \$49/bbl to \$38/bbl. New Mexico prices assume a differential from WTI prices of approximately \$4.00/bbl.
- In January, the FY16 natural gas price estimate was reduced from \$2.90 per thousand cubic feet (mcf) to \$2.55/mcf. The FY17 natural gas price estimate was reduced from \$3.20/mcf to \$2.90/mcf.
- New Mexico natural gas prices are tracking directly with Henry Hub dry gas prices due to low prices paid for natural gas liquids. This NGL premium is estimated to be less than \$0.05/mcf.
- 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 change in price over a fiscal year leads to \$6.5 million change in general fund revenue.
- In January, the forecast estimate for oil and natural gas volumes remained unchanged from December and as projected, additional rigs have been laid down while productivity from remaining rigs declined 16 percent during the month.

Year-to-Date General Fund Revenue and FY16 Tracking.

- Fiscal year to date, total recurring revenue is tracking -11.1 percent; well below the January forecast of -2.8 percent. Compensating tax, corporate income tax and oil and gas revenues all lag well behind year-over-year.
- The FY16 taxable GRT data is almost alarming. Taxable gross receipts weakness is broad based across employment sectors and counties. Downside pressure from a projected reduction in drilling activity in tandem with depressed energy prices is negatively impacting overall revenue collections. Noticeable strength has been found in the professional services category, primarily in Los Alamos county. Additionally unusually elevated levels of high wage jobs credits are dragging GRT.
- The January tracking report presents slight improvements in revenues, but as we have little new revenue data it is difficult to evaluate in a timely manner.
- Compensating tax revenue is showing deep current-year weakness, as compensating tax associated with the extractive industry is expected to remain low.
- The personal income tax revenue estimate is supported by moderate current-fiscal-year-to-date strength in withholding tax revenue and slightly positive employment reports from the New Mexico Workforce Solutions Department prior to the negative January estimate.
- Corporate income tax revenue is held steady by year-to-date collections and a slight increase in Congressional Budget Office estimates for federal corporate income tax receipts in federal fiscal years 16-19.

- Year-to-date collections in motor vehicle excise tax contributed to a modest increase in that revenue source for FY16, as the U.S. auto market experienced a strong sales year in 2015.

February Guidance.

- The Bureau of Business and Economic Research (BBER) provides state-level economic forecasts. In February BBER provided an updated forecast which was revised downward presenting a weaker forecast than the last few quarters across broad indicators including: employment and income growth, total wages and salaries, gross state product and oil and gas volumes.
- The guidance to reduce the general fund estimate by \$125 million presents new assumptions. Significant changes include FY17 job growth at 0.4 percent, personal income growth at only two percent and oil production down 23 million barrels.
- The February guidance revenue table shows FY16 revenue down 5.5 percent from FY15. Gross receipts, CIT and the oil and gas school tax account for most of the downward adjustments. The FY17 guidance shows a 4.3 percent increase in revenue.

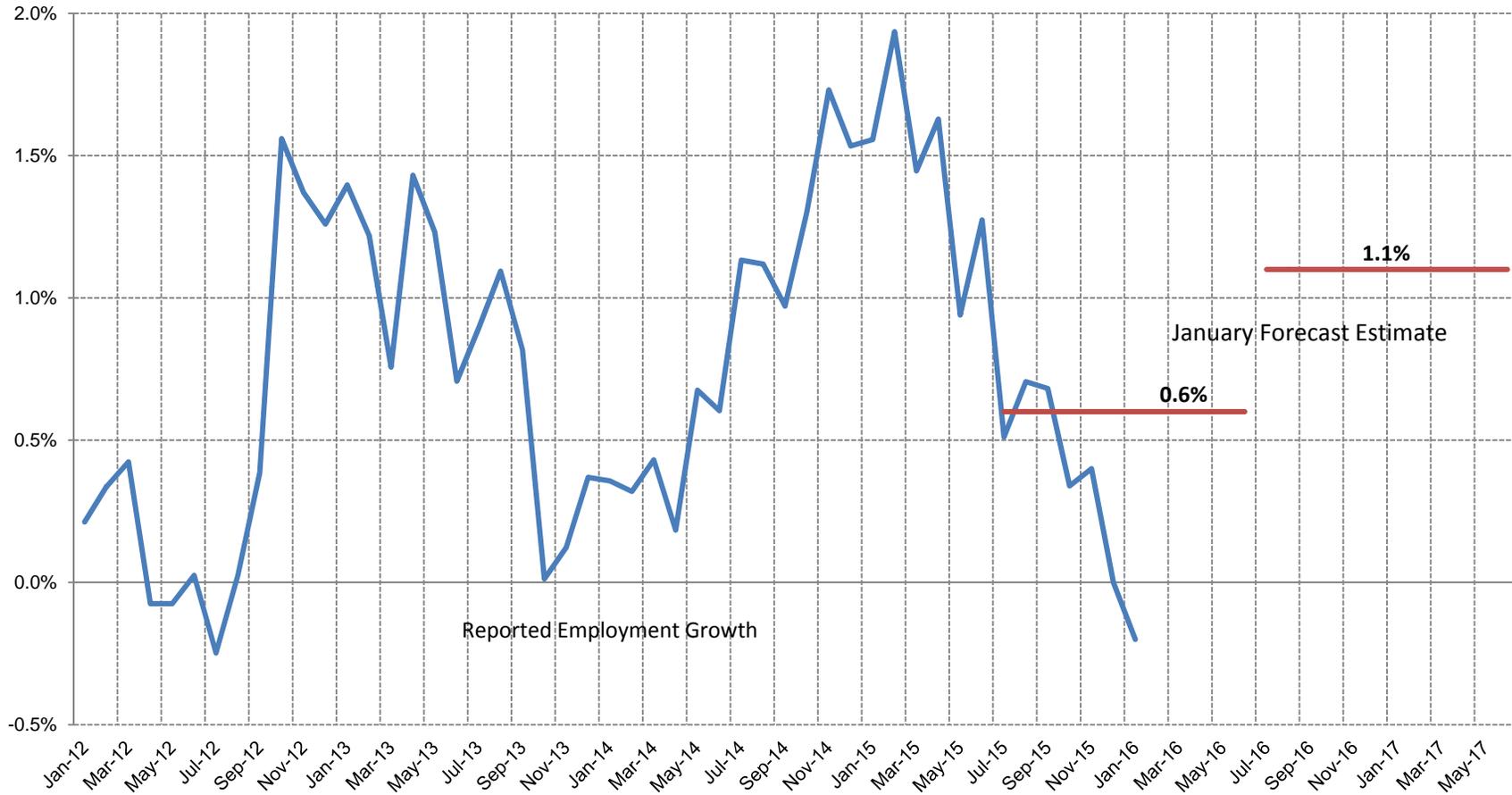
Uncertainties and Risks to General Fund Revenue.

- Oil and gas prices continue to remain low due to broad weakness in a sagging industry.
- Oil production continues to decline around the state as active drilling rigs have fallen to 13 from 53 one year ago, per Baker Hughes rig count.
- Persistent weakness in broad-base taxes poses an uncertainty due to the lingering impact of the mineral extraction sector.
- The state's shares in oil and gas production on federal land continue to expand.
- Weak prices for natural gas continue to drag the industry in New Mexico.
- Potential losses from gross receipts tax revenue for internet retail sales may increase.
- The state continues to see higher rates for payment of tax credits.

LFC Initiatives.

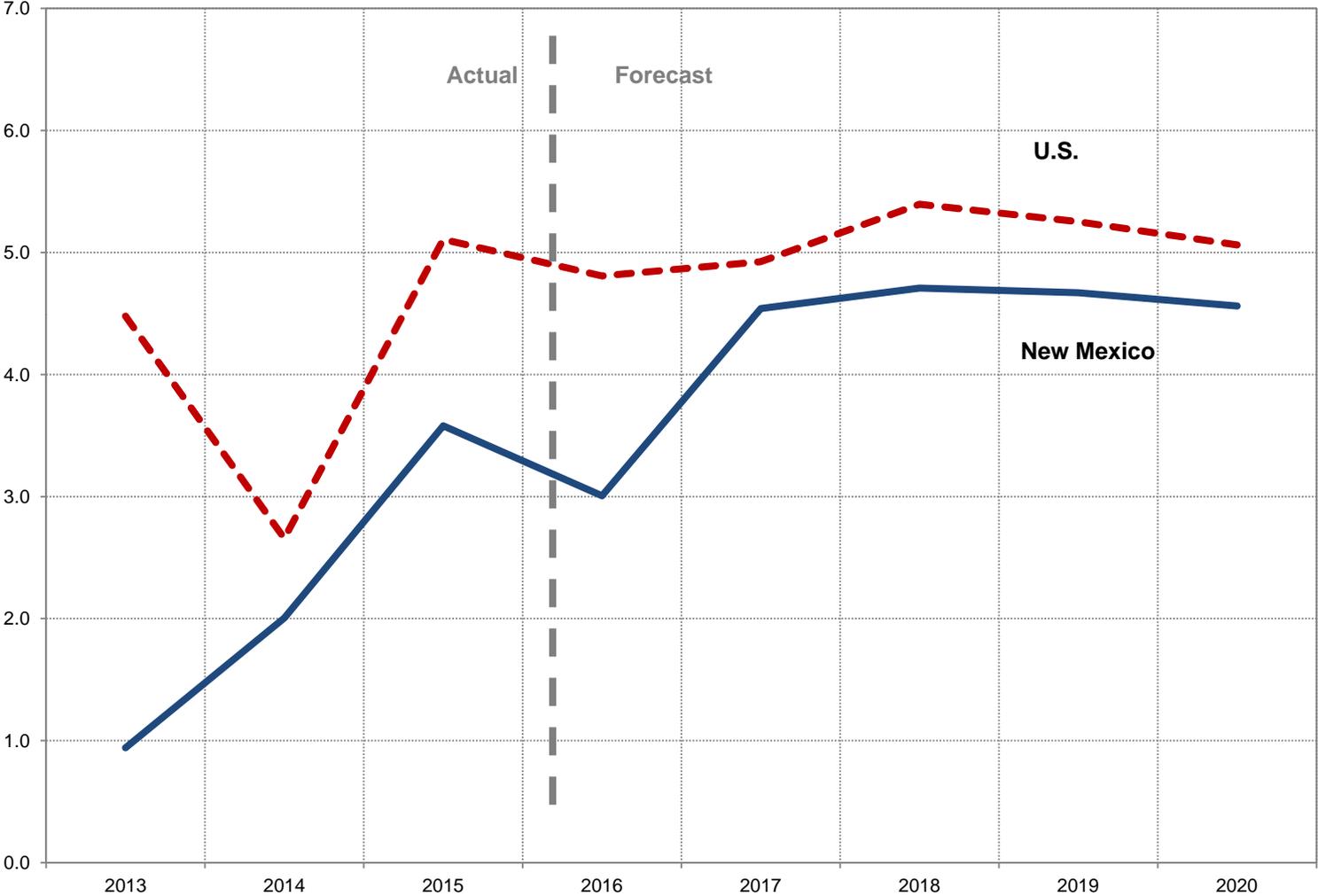
- The LFC has undertaken efforts to improve our contribution to the consensus revenue estimating process including:
 - The addition of a second economist and contracting with three heavily experienced economics professionals to provide expert guidance and refine methodologies.
 - Actively seek to improve access to data on tax credits and implement accurately in models.
 - Revisit estimates prior to reporting to provide the most timely revenue forecast possible.
 - Improve models for federal mineral leasing to provide improved accuracy in revenue estimate.

NM Employment Growth, Seasonally-Adjusted



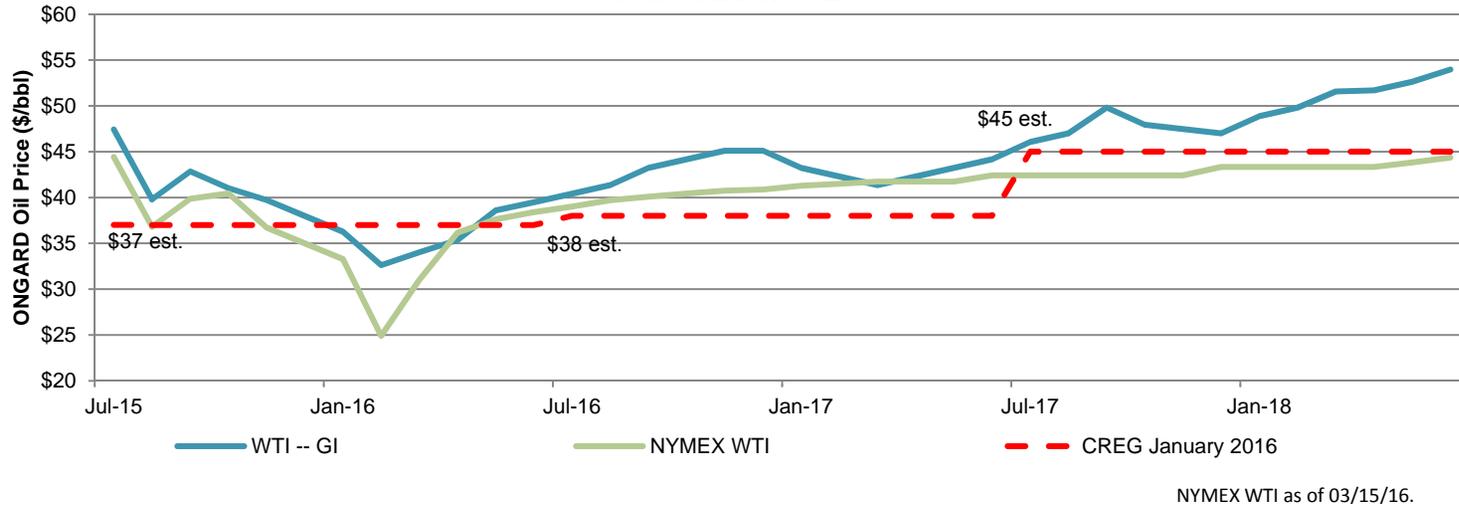
Source:WSD
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New Mexico vs. U.S. Wages & Salary Growth (% FY)

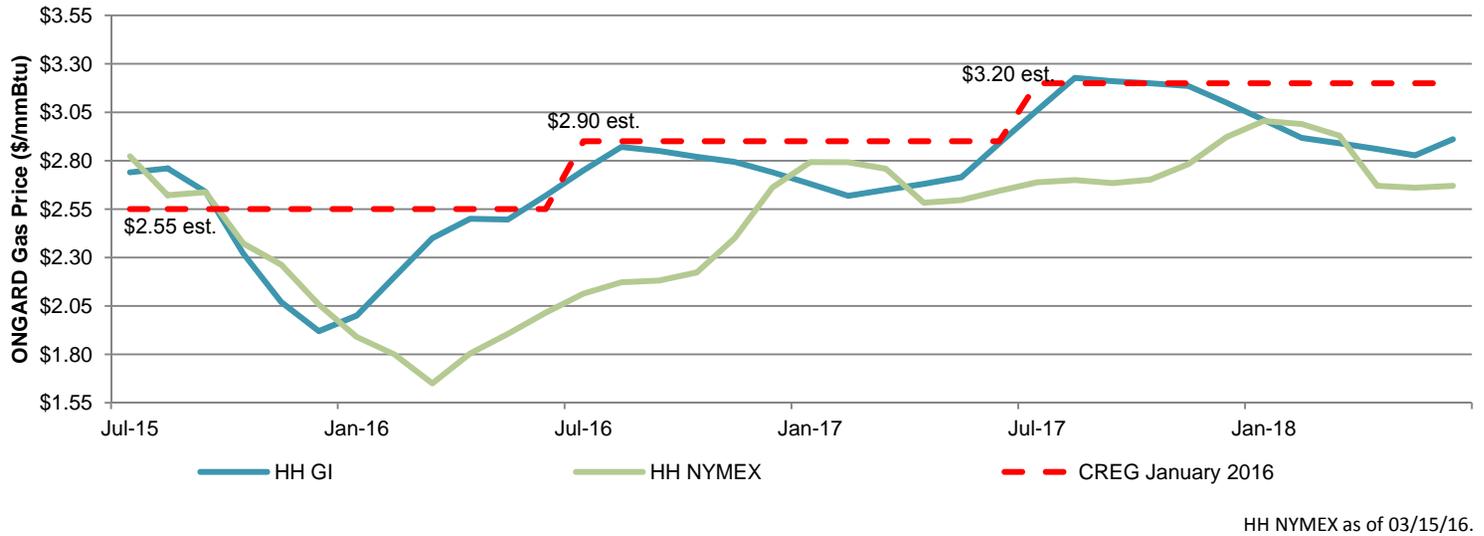


Oil and Gas Prices

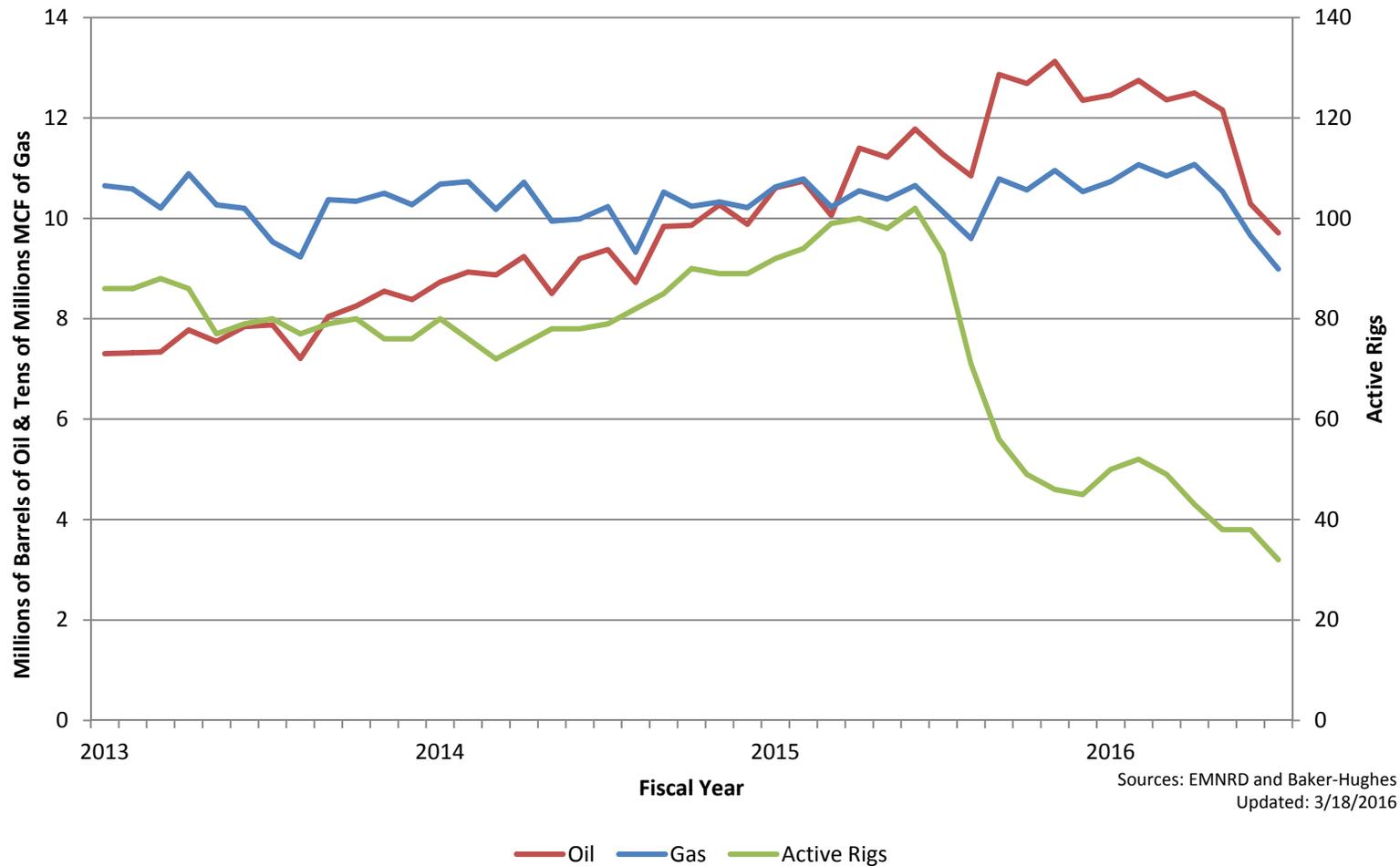
Current Oil Price Data



Current Natural Gas Price Data



Monthly Oil and Gas Production and Average Active Rig Count July 2013 to January 2016



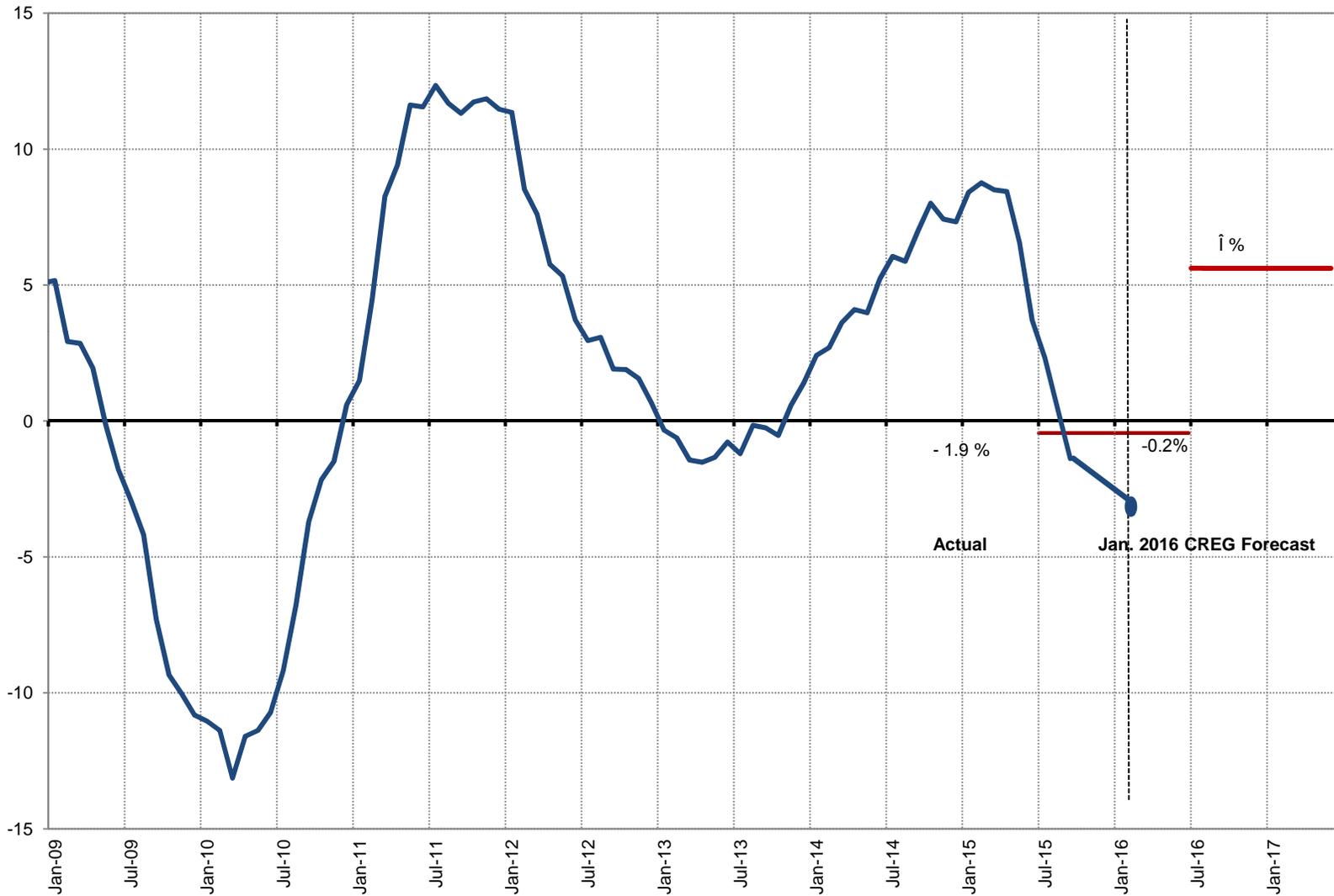
General Fund Revenue Accruals: FY16 vs. FY15

(in millions of dollars)

Revenue Category	Fiscal Year-to-Date Through December		Year-over-Year Amount Change	Year-over-Year Growth	Projected Full-Year Growth: January 2016 Forecast
	FY15	FY16			
Gross Receipts	\$1,080.2	\$993.2	(\$87.1)	-8.1%	-0.2%
Compensating Tax	\$52.6	\$22.4	(\$30.2)	-57.4%	-24.3%
Personal Income Tax	\$660.6	\$669.0	\$8.4	1.3%	4.6%
Corporate Income Tax	\$101.9	\$28.9	(\$73.0)	-71.6%	-12.4%
Oil & Gas Revenues *	\$622.9	\$419.8	(\$203.1)	-32.6%	-26.4%
License Fees	\$18.3	\$19.3	\$1.1	5.8%	-2.5%
Investment Income	\$347.5	\$375.0	\$27.5	7.9%	8.4%
Miscellaneous Receipts	\$25.4	\$22.9	(\$2.5)	-10.0%	0.6%
Selective Sales	\$245.0	\$250.2	\$5.1	2.1%	6.5%
Tribal Revenue Sharing	\$32.3	\$32.0	(\$0.3)	-0.9%	-4.3%
Reversions	\$2.3	\$1.4	(\$0.9)	-38.8%	-2.9%
Total Recurring Revenue	\$3,189.1	\$2,834.1	(\$355.0)	-11.1%	-2.8%
Total Recurring Excluding Oil & Gas	\$2,566.1	\$2,414.3	(\$151.8)	-5.9%	1.8%
Total Nonrecurring Revenue	\$0.6	(\$0.11)	(\$0.7)	-116.6%	-86.3%

*Oil & Gas revenues include mineral production taxes and rents & royalties. Includes estimate for oil & gas school tax.

Gross Receipts Taxes, Annual Growth Rate (%)



Gross Receipts by County

July 2015 - December 2015

Jurisdiction	Matched Taxable Gross Receipts	Year-over-Year Change
Bernalillo County	\$8,430,701,120	2.1%
Catron County	\$24,276,111	36.8%
Chaves County	\$575,979,524	-8.1%
Cibola County	\$184,488,241	1.5%
Colfax County	\$141,485,582	-7.6%
Curry County	\$485,962,254	2.0%
De Baca County	\$10,145,074	-2.0%
Dona Ana County	\$1,704,567,866	5.2%
Eddy County	\$1,786,879,111	-23.6%
Grant County	\$224,141,570	-3.0%
Guadalupe County	\$43,231,030	-12.9%
Harding County	\$8,341,030	-71.7%
Hidalgo County	\$36,562,865	14.2%
Lea County	\$2,051,926,569	-36.8%
Lincoln County	\$258,714,427	1.3%
Los Alamos	\$633,611,792	21.3%
Luna County	\$161,946,648	6.5%
McKinley County	\$598,746,894	1.6%
Mora County	\$17,635,031	14.1%
Otero County	\$465,345,082	12.7%
Quay County	\$65,334,490	-7.5%
Rio Arriba County	\$241,132,565	0.1%
Roosevelt County	\$159,082,814	-1.4%
San Juan County	\$1,745,535,941	-7.0%
San Miguel County	\$179,538,044	3.3%
Sandoval County	\$743,344,651	-4.0%
Santa Fe County	\$1,890,298,475	0.2%
Sierra County	\$85,405,103	-8.3%
Socorro County	\$93,041,470	-17.0%
Taos County	\$392,429,210	17.4%
Torrance County	\$100,404,628	2.6%
Union County	\$49,525,000	-5.5%
Valencia County	\$372,439,056	-5.8%
Total	\$23,962,199,270	-6.0%

Gross Receipts Tax -- Sectoral Performance

July – Dec FY16 over same period of FY 15

	Matched Taxable Gross Receipts	General Fund Portion Taxes Paid	General Fund Taxes Paid for Period (millions)
Agriculture	8.8%	6.3%	\$2.3
Mining	-44.5%	-43.0%	\$64.3
Construction	-1.4%	-2.4%	\$141.9
Manufacturing	-26.7%	-27.5%	\$40.3
Wholesale	-14.2%	-15.7%	\$50.1
Retail	-5.8%	-5.7%	\$253.9
Healthcare	5.7%	6.1%	\$51.2
Professional Services	21.8%	22.3%	\$144.4
Unclassified	-62.5%	-40.9%	\$8.1
All Others	-1.5%	-2.1%	\$377.7
All Categories	-6.4%	-6.3%	\$1,134.1

Note: these are RP-500 data and do not include CRS credits or administrative fees from the local governments.Á

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FISCAL YEAR 2016 GENERAL FUND MONTHLY REVENUE TRACKING

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

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	ESTIMATED REVENUE ACCRUALS												FY16 Actual + Estimate	TRACKING CHANGE (Δ)		
	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June		FY 16	YTD	YTD
	Actual	Actual	Actual	Actual	Actual	Actual	Est.	Est.	Est.	Est.	Est.	Est.		Jan 16 Est	% Δ	\$ Δ
Gross Receipts Tax	167.2	167.0	143.3	141.9	171.4	202.3	173.2	165.9	175.7	186.1	180.0	213.9	2,088.0	2,090.0	-0.1%	(2.0)
Compensating Tax	2.5	3.3	5.0	3.6	2.3	5.7	5.4	3.5	5.1	4.8	6.5	6.7	54.4	54.4	-0.1%	(0.0)
TOTAL GENERAL SALES TAXES	169.8	170.3	148.4	145.5	173.7	208.0	178.5	169.4	180.8	190.9	186.5	220.7	2,142.3	2,144.4	-0.1%	(2.1)
Tobacco Products & Cigarette Taxes	6.0	7.2	7.8	6.9	5.4	6.7	6.0	6.4	6.8	6.8	7.1	8.9	82.0	82.400	-0.5%	(0.4)
Liquor Excise Tax	0.5	0.5	0.7	0.6	0.6	0.7	0.4	0.5	0.5	0.5	0.5	0.7	6.8	6.700	0.9%	0.1
Insurance Premiums Tax	0.5	45.7	1.0	1.2	45.1	-	2.8	35.1	1.3	1.5	39.3	2.4	176.1	188.000	-6.3%	(11.9)
Fire Protection Fund Reversion	-	-	-	-	-	-	-	-	-	-	-	13.7	13.7	13.700	0.0%	0.0
Motor Vehicle Excise Tax	16.3	13.5	12.7	11.7	12.7	11.1	11.5	10.7	13.2	12.8	13.0	12.7	151.9	151.000	0.6%	0.9
Gaming Excise Tax	5.7	5.3	5.0	5.5	4.6	4.8	6.0	6.3	7.0	6.1	6.4	6.0	68.7	70.100	-2.0%	(1.4)
Leased Vehicle Surcharge	0.5	0.5	0.5	0.5	0.4	0.4	0.3	0.3	0.4	0.4	0.5	0.5	5.2	5.200	0.8%	0.0
Other	0.0	0.4	0.4	(0.3)	(0.0)	0.4	0.8	0.5	0.3	0.3	0.3	0.4	3.4	3.2	NA	0.1
TOTAL SELECTIVE SALES TAXES	29.6	73.2	28.2	26.2	68.8	24.1	27.8	59.7	29.5	28.3	67.1	45.3	507.8	520.3	-2.4%	(12.5)
Withholding	102.4	86.4	128.0	98.1	84.0	141.0	99.3	103.4	131.6	98.6	102.5	120.0	1,295.3	1,293.8	0.1%	1.5
Final Settlements	-	13.4	45.3	23.6	12.0	33.1	57.8	12.3	37.0	152.0	22.9	69.0	478.4	466.1	2.6%	12.3
Estimated Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0
Oil and Gas Withholding Tax	-	2.2	6.8	7.7	5.4	4.5	12.5	3.5	5.6	11.8	6.1	26.2	92.3	93.1	-0.9%	(0.8)
Fiduciary Tax	(0.1)	1.0	(0.7)	0.2	0.3	0.6	0.7	(0.2)	12.3	0.8	4.3	(1.2)	17.9	21.0	-14.7%	(3.1)
Gross Personal Income Tax	102.3	103.0	179.4	129.6	101.6	179.2	170.2	118.9	186.6	263.3	135.7	214.1	1,883.9	1,874.1	0.5%	9.8
Refunds	6.6	8.6	9.2	11.7	4.7	70.7	105.8	79.9	54.2	22.6	15.3	9.4	398.6	443.8	-10.2%	(45.2)
Retiree Health Care	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	29.3	29.3	0.0%	0.0
Less: Refunds, distributions to other funds	9.0	11.0	11.6	14.2	7.1	73.2	108.2	82.4	56.6	25.0	17.7	11.9	427.9	473.1	-9.6%	(45.2)
NET PERSONAL INCOME TAX	93.3	92.0	167.8	115.4	94.5	106.1	62.0	36.6	130.0	238.2	118.0	202.2	1,456.0	1,401.0	3.9%	55.0
Gross Corporate Payments	-	(5.4)	3.6	43.4	(9.1)	(3.6)	46.4	7.7	33.4	23.0	12.5	61.3	213.1	223.0	-4.4%	(9.9)
Less: Refunds, Credits & Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	NA	0.0
NET CORPORATE INCOME TAX	-	(5.4)	3.6	43.4	(9.1)	(3.6)	46.4	7.7	33.4	23.0	12.5	61.3	213.1	223.0	-4.4%	(9.9)
TOTAL INCOME TAXES	93.3	86.6	171.4	158.8	85.4	102.4	108.4	44.3	163.3	261.2	130.5	263.5	1,669.1	1,624.0	2.8%	45.1
Oil and Gas School Tax	24.6	22.9	23.2	23.8	19.5	19.5	19.6	17.9	20.8	20.0	18.9	19.2	250.0	248.5	0.6%	1.5
Oil Conservation Tax	1.2	1.1	1.1	1.1	0.9	0.1	1.1	1.0	1.2	1.1	1.3	1.0	12.2	13.3	-8.5%	(1.1)
Resources Excise Tax	1.1	1.0	0.4	-	0.8	1.1	1.7	1.3	1.4	1.2	1.5	1.4	12.8	13.0	-1.3%	(0.2)
Natural Gas Processors Tax	1.6	1.7	1.8	-	1.7	1.5	1.8	1.7	1.9	1.9	1.8	2.0	19.3	19.7	-1.8%	(0.4)
TOTAL MINERAL PROD. TAXES	28.6	26.7	26.5	25.0	23.0	22.2	24.1	21.9	25.2	24.1	23.5	23.6	294.3	294.5	-0.1%	(0.2)
LICENSE FEES	2.190	2.042	2.408	2.042	2.034	8.618	3.814	3.751	8.775	15.054	3.050	2.565	56.344	54.500	3.4%	1.8
Land Grant Perm. Fund Distributions	46.2	46.2	46.2	46.2	46.2	46.3	46.0	46.0	46.0	46.0	46.0	46.0	553.5	553.2	0.0%	0.2
State Treasurer's Earnings	2.1	0.0	5.4	(1.9)	(3.3)	(1.5)	2.7	3.3	1.0	0.7	0.7	2.4	11.7	15.0	-22.0%	(3.3)
Severance Tax Perm. Fund Distributions	16.1	16.1	16.1	16.1	16.1	16.1	16.1	16.1	16.1	16.1	16.1	16.1	193.5	193.5	0.0%	(0.0)
TOTAL INVESTMENT EARNINGS	64.4	62.3	67.7	60.5	59.1	60.8	64.8	65.5	63.1	62.9	62.8	64.6	758.7	761.7	-0.4%	(3.1)
Federal Mineral Leasing Royalties	30.9	35.0	29.5	88.7	33.2	29.7	27.4	25.2	26.0	24.5	27.1	27.9	405.2	400.0	1.3%	5.2
State Land Office Bonuses, Rents	9.9	2.2	6.6	6.0	8.6	3.8	2.2	2.2	2.2	1.6	2.6	3.4	51.3	50.0	2.6%	1.3
TOTAL RENTS & ROYALTIES	40.8	37.2	36.1	94.7	41.9	33.5	29.6	27.4	28.2	26.1	29.8	31.3	456.5	450.0	1.4%	6.5
TRIBAL REVENUE SHARING	0.8	0.0	15.6	0.7	0.0	14.9	0.2	0.1	15.9	0.1	0.1	15.8	64.2	64.3	-0.1%	(0.1)
MISCELLANEOUS RECEIPTS	0.8	1.0	1.2	1.0	0.9	17.9	3.0	4.7	2.3	4.9	5.3	25.2	68.1	56.5	20.6%	11.6
REVERSIONS	0.0	0.0	0.0	0.1	0.1	1.2	4.2	1.7	7.3	0.8	4.7	28.2	48.3	50.0	-3.4%	(1.7)
TOTAL RECURRING REVENUE	430.3	459.4	497.4	514.6	454.9	493.7	444.5	398.3	524.5	614.4	513.2	720.7	6,065.8	6,020.2	0.8%	45.6
TOTAL NON-RECURRING REVENUE	0.0	(0.1)	(0.1)	0.0	0.2	(0.1)	-	-	-	-	-	-	5.4	5.5	NA	(0.1)
GRAND TOTAL REVENUE	430.3	459.3	497.2	514.6	455.1	493.6	444.5	398.3	524.5	614.4	513.2	720.7	6,071.2	6,025.7	0.8%	45.4

U.S. and New Mexico Economic Indicators

	FY15	FY16			FY17		
	Actuals	Dec 15 Forecast	Jan 16 Forecast	Feb Guidance	Dec 15 Forecast	Jan 16 Forecast	Feb Guidance
National Economic Indicators							
GI US Real GDP Growth (annual avg., % YOY)*	2.7	2.6	2.3	0.9	2.9	3.1	1.3
Moody's US Real GDP Growth (annual avg., % YOY)*	2.7	2.5	2.4		3.1	3.0	
GI US Inflation Rate (CPI-U, annual avg., % YOY)**	0.3	0.8	0.8	0.8	2.9	2.9	2.9
Moody's US Inflation Rate (CPI-U, annual avg., % YOY)**	0.7	1.1	0.9		2.4	2.4	
GI Federal Funds Rate (%)	0.11	0.39	0.12	0.12	1.41	0.10	0.10
Moody's Federal Funds Rate (%)	0.11	0.33	0.33		1.25	1.25	
New Mexico Labor Market and Income Data							
BBER NM Non-Agricultural Employment Growth	1.2	0.9	0.6	0.6	1.4	1.1	0.4
Moody's NM Non-Agricultural Employment Growth	1.4	1.2	0.9		2.3	2.2	
BBER NM Nominal Personal Income Growth (%)**	5.5	4.3	3.2	2.9	5.2	4.0	2.0
Moody's NM Nominal Personal Income Growth (%)**	5.1	3.2	3.6		3.1	2.7	
BBER NM Total Wages & Salaries Growth (%)	3.8	3.0	2.6	2.3	4.5	3.7	2.1
Moody's NM Total Wages & Salaries Growth (%)	3.8	2.0	2.3		3.6	3.4	
BBER NM Private Wages & Salaries Growth (%)	4.3	3.3	2.9	2.5	5.2	4.2	2.3
BBER NM Real Gross State Product (% YOY)	2.1	1.8	1.8	1.7	2.8	2.5	0.1
Moody's NM Real Gross State Product (% YOY)	1.7	1.7	1.6		2.7	2.5	
CREG NM Oil Price (\$/barrel)	\$61.68	\$44.00	\$37.00	\$38.00	\$49.00	\$38.00	\$37.00
BBER Oil Volumes (million barrels)			155.9			154.6	
CREG NM Taxable Oil Volumes (million barrels)	141.4	150.0	150.0	147.0	155.0	155.0	132.0
		6.1%			3.1%		
CREG NM Gas Price (\$ per thousand cubic feet)****	\$3.78	\$2.90	\$2.55	\$2.22	\$3.20	\$2.90	\$2.80
BBER Gas Volumes (million barrels)			1,168			1,134	
CREG NM Taxable Gas Volumes (billion cubic feet)	1,180	1,200	1,200	1,240	1,170	1,170	1,265
		1.7%	1.7%		-2.5%	-2.5%	

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 - January 2016 FOR-UNM baseline. Global Insight - November 2015 baseline.

DFA Notes

****The gas prices are estimated using a formula of NYMEX, EIA, Moody's Analytics and I.H.S. Global Insight futures and forecast prices as well as a premium for natural gas based on the oil price forecast.
 Sources: Moody's Analytics baseline Dec. 2015 forecast: July 2015 and November 2015 for national and New Mexico data. Feb. 2016

General Fund Consensus Revenue Estimate February 2016 Guidance

	FY15	FY16				FY17			
	Audited Actual	Jan 2016 Est.	Current Chg	Feb. Guidance	% Change from FY15	Jan 2016 Est.	Current Chg	Feb. Guidance	% Change from FY16
Gross Receipts Tax	2,095.2	2,090.0	(51.9)	2,038.1	-2.7%	2,216.0	(55.0)	2,161.0	6%
Compensating Tax	71.8	54.4	(5.4)	49.0	-31.8%	64.1	(6.4)	57.7	17.8%
TOTAL GENERAL SALES	2,167.0	2,144.4	(57.3)	2,087.1	-3.7%	2,280.1	(61.4)	2,218.7	6.3%
Tobacco Taxes	82.3	82.4				81.4			-
Liquor Excise	26.3	6.7				6.9			-
Insurance Taxes	149.9	188.0	(12.0)			219.1	(14.0)	205.1	-
Fire Protection Fund Reversion	15.2	13.7				12.4			-
Motor Vehicle Excise	138.7	151.0				152.0			-
Gaming Excise	70.4	70.1	(2.0)			70.1	(0.8)	69.3	-
Leased Vehicle Surcharge	5.2	5.2				5.2			-
Other	0.5	3.2				2.1			-
TOTAL SELECTIVE SALES	488.5	520.3	(14.0)	506.3	3.7%	549.2	(14.8)	534.4	5.5%
Personal Income Tax	1,339.7	1,401.0	5.0	1,406.0	4.9%	1,455.0	36.2	1,491.2	6.1%
Corporate Income Tax	254.5	223.0	(25.0)	198.0	-22.2%	220.0	(24.7)	195.3	-1.4%
TOTAL INCOME TAXES	1,594.2	1,624.0	(20.0)	1,604.0	0.6%	1,675.0	11.5	1,686.5	5.1%
Oil and Gas School Tax	375.4	248.5	(28.2)	220.3	-41.3%	268.0	(36.2)	231.8	5.2%
Oil Conservation Tax	20.1	13.3	(1.5)	11.8	-41.3%	14.2	(1.6)	12.6	6.8%
Resources Excise Tax	13.3	13.0				13.0			-
Natural Gas Processors Tax	18.6	19.7				12.8			-
TOTAL SEVERANCE TAXES	427.5	294.5	(29.7)	264.8	-38.1%	308.0	(37.8)	270.2	2.0%
LICENSE FEES	55.9	54.5		54.5	-2.5%	55.5		55.5	-
LGPF Interest	502.8	553.2				538.3			
STO Interest	17.0	15.0	(4.0)	11.0	-35.3%	46.8	(12.5)	34.3	212%
STPF Interest	182.7	193.5				200.4			
TOTAL INTEREST	702.5	761.7	(4.0)	757.7	7.9%	785.5	(12.5)	773.0	2.0%
Federal Mineral Leasing	542.2	400.0	(5.0)	395.0	-27.1%	385.0	(5.0)	380.0	
State Land Office	42.2	50.0	(5.0)	45.0	6.5%	51.2	(5.0)	46.2	
TOTAL RENTS & ROYALTIES	584.4	450.0	(10.0)	440.0	-24.7%	436.2	(10.0)	426.2	
TRIBAL REVENUE SHARING	67.2	64.3		64.3	-4.3%	65.8		65.8	-
MISCELLANEOUS RECEIPTS	56.2	56.5		56.5	0.6%	59.4		59.4	-
REVERSIONS	51.5	50.0	10.0	50.0	-2.8%	50.0		50.0	-
TOTAL RECURRING	6,194.7	6,020.2	(125.0)	5,885.2	-5.0%	6,264.6	(125.0)	6,139.7	4.3%
TOTAL NON-RECURRING	41.2	5.5		5.5	-86.7%	-		5.5	0.0%
GRAND TOTAL	6,235.9	6,025.7	(125.0)	5,890.7	-5.5%	6,264.6	(125.0)	6,145.2	4.3%

FISCAL YEAR 2016 GENERAL FUND MONTHLY ALTERNATIVE REVENUE TRACKING

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

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	ESTIMATED REVENUE ACCRUALS												FY16 Actual + Estimate	TRACKING CHANGE (Δ)	
	July Actual	Aug Actual	Sept Actual	Oct Actual	Nov Actual	Dec Actual	Jan Est.	Feb Est.	Mar Est.	Apr Est.	May Est.	June Est.		FY 16 Feb 2016 Guidance	YTD \$ Δ
Gross Receipts Tax	167.2	167.0	143.3	141.9	171.4	202.3	156.3	149.7	155.2	167.0	156.8	187.7	1,966.0	2,038.1	(72.1)
Compensating Tax	2.5	3.3	5.0	3.6	2.3	5.7	3.4	3.3	3.9	3.4	3.4	4.2	43.9	49.0	(5.1)
TOTAL GENERAL SALES TAXES	169.8	170.3	148.4	145.5	173.7	208.0	159.7	153.0	159.1	170.4	160.2	192.0	2,010.0	2,087.1	(77.1)
Tobacco Products & Cigarette Taxes	6.0	7.2	7.8	6.9	5.4	6.7	5.9	6.3	6.6	6.7	6.4	8.5	80.3	82.4	(2.1)
Liquor Excise Tax	0.5	0.5	0.7	0.6	0.6	0.7	0.4	0.5	0.6	0.6	0.6	0.7	6.9	6.7	0.2
Insurance Premiums Tax	0.5	45.7	1.0	1.2	45.1	-	2.2	27.3	1.6	1.1	31.5	1.0	158.4	176.0	(17.6)
Fire Protection Fund Reversion	-	-	-	-	-	-	-	-	-	-	-	13.7	13.7	13.7	0.0
Motor Vehicle Excise Tax	16.3	13.5	12.7	11.7	12.7	11.1	13.5	12.3	15.1	14.8	15.0	14.3	163.1	151.0	12.1
Gaming Excise Tax	5.7	5.3	5.0	5.5	4.6	4.8	5.1	5.4	5.9	5.3	5.6	5.0	63.3	68.1	(4.8)
Leased Vehicle Surcharge	0.5	0.5	0.5	0.5	0.4	0.4	0.3	0.3	0.4	0.4	0.5	0.5	5.4	5.2	0.2
Other	0.0	0.4	0.4	(0.3)	(0.0)	0.4	0.7	0.3	0.1	0.1	0.1	0.3	2.6	3.2	(0.6)
TOTAL SELECTIVE SALES TAXES	29.6	73.2	28.2	26.2	68.8	24.1	28.1	52.4	30.4	28.9	59.7	44.1	493.7	506.3	(12.7)
Withholding	102.4	86.4	128.0	98.1	84.0	141.0	97.6	102.1	111.3	98.0	102.4	112.5	1,263.7	1,293.8	(30.1)
Final Settlements	0.0	13.4	45.3	23.6	12.0	33.1	63.4	13.9	41.0	168.0	30.9	76.5	521.1	466.1	55.0
Estimated Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0
Oil and Gas Withholding Tax	0.0	2.2	6.8	7.7	5.4	4.5	13.2	3.3	4.7	12.0	6.0	18.1	83.9	93.1	(9.2)
Fiduciary Tax	(0.1)	1.0	(0.7)	0.2	0.3	0.6	(0.0)	(0.0)	2.2	0.3	0.9	(0.2)	4.3	21.0	(16.7)
Gross Personal Income Tax	102.3	103.0	179.4	129.6	101.6	179.2	174.1	119.3	159.3	278.3	140.1	206.9	1,873.0	1,874.1	(1.0)
Refunds	6.6	8.6	9.2	11.7	4.7	70.7	86.1	61.0	39.3	16.7	10.1	6.7	331.3	443.8	(112.5)
Retiree Health Care	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	29.3	29.3	0.0
Less: Refunds, distributions to other funds	9.0	11.0	11.6	14.2	7.1	73.2	88.6	63.4	41.7	19.1	12.6	9.1	360.6	473.1	(112.5)
NET PERSONAL INCOME TAX	93.3	92.0	167.8	115.4	94.5	106.1	85.6	55.9	117.5	259.1	127.5	197.7	1,512.4	1,406.0	106.4
															0.0
NET CORPORATE INCOME TAX	0.0	(5.4)	3.6	43.4	(9.1)	(3.6)	46.4	(3.4)	40.4	17.5	18.9	56.7	205.5	198.0	7.5
TOTAL INCOME TAXES	93.3	86.6	171.4	158.8	85.4	102.4	132.0	52.6	158.0	276.6	146.4	254.5	1,718.0	1,604.0	114.0
Oil and Gas School Tax	24.6	22.9	23.2	23.8	19.5	17.5	12.1	13.1	14.2	15.6	19.1	15.4	221.0	220.3	0.7
Oil Conservation Tax	1.2	1.1	1.1	1.1	0.9	1.0	0.7	0.7	0.8	0.8	0.9	0.7	11.1	11.8	(0.7)
Resources Excise Tax	1.1	1.0	0.4	-	0.8	1.1	1.1	0.9	0.9	0.8	0.9	0.9	9.8	13.0	(3.2)
Natural Gas Processors Tax	1.6	1.7	1.8	-	1.7	1.5	1.6	1.5	1.6	1.6	1.7	1.6	18.0	19.7	(1.7)
TOTAL MINERAL PROD. TAXES	28.6	26.7	26.5	25.0	23.0	21.1	15.4	16.2	17.5	18.7	22.6	18.7	259.8	264.8	(5.0)
LICENSE FEES	2.190	2.042	2.408	2.042	2.034	8.618	4.124	4.124	8.188	10.144	3.736	3.089	52.740	54.5	(1.8)
Land Grant Perm. Fund Distributions	46.2	46.2	46.2	46.2	46.2	46.3	46.2	46.2	46.2	46.2	46.2	46.2	554.7	553.2	1.5
State Treasurer's Earnings	2.1	0.0	5.4	(1.9)	(3.3)	(1.5)	0.7	0.0	0.3	0.0	0.1	0.2	2.2	11.0	(8.8)
Severance Tax Perm. Fund Distributions	16.1	16.1	16.1	16.1	16.1	16.1	16.1	16.1	16.1	16.1	16.1	16.1	193.5	193.5	(0.0)
TOTAL INVESTMENT EARNINGS	64.4	62.3	67.7	60.5	59.1	60.8	63.0	62.4	62.6	62.4	62.4	62.5	750.3	757.7	(7.4)
Federal Mineral Leasing Royalties	30.9	35.0	29.5	88.7	33.2	29.7	27.4	26.8	28.5	17.0	13.0	16.5	376.1	395.0	(18.9)
State Land Office Bonuses, Rents	9.9	2.2	6.6	6.0	8.6	3.8	4.8	4.7	4.6	4.3	6.8	6.7	68.9	45.0	23.9
TOTAL RENTS & ROYALTIES	40.8	37.2	36.1	94.7	41.9	33.5	32.2	31.5	33.1	21.3	19.8	23.2	445.1	440.0	5.1
TRIBAL REVENUE SHARING	0.8	0.0	15.6	0.7	0.0	14.9	0.2	0.2	16.6	0.2	0.1	16.5	65.9	64.3	1.6
MISCELLANEOUS RECEIPTS	0.8	1.0	1.2	1.0	0.9	17.9	2.5	4.7	1.9	5.5	5.7	22.2	65.4	56.5	8.9
REVERSIONS	0.0	0.0	0.0	0.1	0.1	1.2	3.9	1.6	9.0	0.5	2.5	31.9	50.8	50.0	0.8
TOTAL RECURRING REVENUE	430.3	459.4	497.4	514.6	454.9	492.6	441.2	378.5	496.3	594.7	483.2	668.5	5,911.6	5,885.2	26.4
TOTAL NON-RECURRING REVENUE	0.0	(0.1)	(0.1)	0.0	0.2	(0.1)	-	-	-	-	-	-	5.4	5.5	(0.1)
GRAND TOTAL REVENUE	430.3	459.3	497.2	514.6	455.1	492.4	441.2	378.5	496.3	594.7	483.2	668.5	5,917.0	5,890.7	26.3

General Fund Revenue Tracking

FY13-FY16



*FY16: applied February Guidance of -\$125 million spread to January – June 2016 CREG monthly estimate.

General Fund Financial Summary:
General Appropriation Act of 2016 and Other Enacted Legislation
(in millions of dollars)

March 17, 2016	Actual FY2015	Estimated FY2016	Estimated FY2017
<u>APPROPRIATION ACCOUNT</u>			
REVENUE			
Recurring Revenue			
December 2015 Consensus Revenue Update	\$ 6,194.7	\$ 6,165.0	\$ 6,466.3
January 2016 Consensus Revenue Update	\$ -	\$ (144.8)	\$ (201.7)
Total Recurring Revenue	\$ 6,194.7	\$ 6,020.2	\$ 6,264.6
Nonrecurring Revenue			
Nonrecurring January 2016 Consensus Revenue Update	\$ 41.2	\$ 5.5	\$ -
2016 Revenue Legislation	\$ -	\$ -	\$ 75.0
February 2016 Revenue Outlook	\$ -	\$ (125.0)	\$ (125.0)
Total Nonrecurring Revenue	\$ 41.2	\$ (119.5)	\$ (50.0)
TOTAL REVENUE	\$ 6,235.9	\$ 5,900.7	\$ 6,214.6
APPROPRIATIONS			
Recurring Appropriations			
General Appropriation	\$ 6,151.6	\$ 6,234.7	\$ -
2016 Legislation & Feed Bill	\$ 10.1	\$ 6.2	\$ 6,228.3
Total Recurring Appropriations	\$ 6,161.7	\$ 6,240.9	\$ 6,228.3
Nonrecurring Appropriations			
Prior Year Appropriations	\$ 113.5	\$ 31.0	\$ -
2016 Legislation	\$ -	\$ 35.7	\$ 0.3
Total Nonrecurring Appropriations	\$ 113.5	\$ 66.7	\$ 0.3
TOTAL APPROPRIATIONS	\$ 6,275.2	\$ 6,307.6	\$ 6,228.6
Transfer to (from) Reserves	\$ (39.3)	\$ (406.9)	\$ (14.0)
GENERAL FUND RESERVES			
Beginning Balances	\$ 637.9	\$ 713.1	\$ 349.3
Transfers from (to) Appropriations Account	\$ (39.3)	\$ (406.9)	\$ (14.0)
Revenue and Reversions	\$ 164.9	\$ 121.5	\$ 63.3
Appropriations, Expenditures and Transfers Out	\$ (50.4)	\$ (78.5)	\$ (55.0)
Ending Balances	\$ 713.1	\$ 349.3	\$ 343.6
<i>Reserves as a Percent of Recurring Appropriations</i>	<i>11.6%</i>	<i>5.6%</i>	<i>5.5%</i>

Notes:

General Note: small adjustments (< ± \$100,000) have been made in beginning balances of all subaccounts to conform the ending totals to the 2015 audit to the dollar. In prior years, beginning and ending balances had been rounded to the nearest \$100,000.

^A balance of \$101.7 million has been held in reserve for cash reconciliation purposes. The State Treasurer reported that the latest reconciliation efforts suggest nearly 100 percent of these restricted funds will be reversed and \$0 will be needed for SHARE remediation.

^^\$36 million of restricted General Fund reserves to address potential Special Education Funding Maintenance of Effort noted in the FY 14 audit have been swept in HB311.

General Fund Financial Summary:
General Appropriation Act of 2016 and Other Enacted Legislation
RESERVE DETAIL
(in millions of dollars)

	Actual FY2015	Estimated FY2016	Estimated FY2017
OPERATING RESERVE			
Beginning Balance	\$ 274.6	\$ 319.8	\$ 79.0
BOF Emergency Appropriations/Reversions	\$ (0.5)	\$ (2.0)	\$ (2.0)
Transfers from/to Appropriation Account	\$ (39.3)	\$ (406.9)	\$ (14.0)
Transfer to ACF/Other Appropriations	\$ (15.0)	\$ (20.0)	\$ -
Reversal of Contingency for Unreconciled Accounts	\$ 100.0	\$ -	\$ -
2016 Revenue Legislation (HB 311)*	\$ -	\$ 40.6	\$ -
Transfer from Tax Stabilization Reserve	\$ -	\$ 147.5	\$ -
Ending Balance	\$ 319.8	\$ 79.0	\$ 63.1
APPROPRIATION CONTINGENCY FUND			
Beginning Balance	\$ 18.3	\$ 28.4	\$ 39.6
Disaster Allotments	\$ (12.5)	\$ (16.0)	\$ (16.0)
Other Appropriations	\$ (0.1)	\$ (0.5)	\$ -
Transfers In	\$ 15.0	\$ 20.0	\$ -
Revenue and Reversions	\$ 7.7	\$ 7.7	\$ 7.7
Ending Balance	\$ 28.4	\$ 39.6	\$ 31.3
Education Lock Box			
Beginning Balance	\$ 3.0	\$ -	\$ -
Appropriations	\$ (3.0)	\$ -	\$ -
Transfers In	\$ -	\$ -	\$ -
Ending Balance	\$ -	\$ -	\$ -
Total of Appropriation Contingency Fund	\$ 28.4	\$ 39.6	\$ 31.3
STATE SUPPORT FUND			
Beginning Balance	\$ 1.0	\$ 1.0	\$ 1.0
Revenues**	\$ -	\$ -	\$ 1.4
Appropriations	\$ -	\$ -	\$ -
Ending Balance	\$ 1.0	\$ 1.0	\$ 2.4
TOBACCO PERMANENT FUND			
Beginning Balance	\$ 193.5	\$ 216.4	\$ 229.6
Transfers In	\$ 35.0	\$ 37.0	\$ 37.0
Appropriation to Tobacco Settlement Program Fund	\$ (19.3)	\$ (18.5)	\$ (18.5)
Gains/Losses	\$ 7.2	\$ 16.2	\$ 17.2
Additional Transfers from TSPF	\$ -	\$ (21.5)	\$ (18.5)
Ending Balance	\$ 216.4	\$ 229.6	\$ 246.9
TAX STABILIZATION RESERVE			
Beginning Balance	\$ 147.5	\$ 147.5	\$ -
Transfers In	\$ -	\$ -	\$ -
Transfer Out to Operating Reserve (Contingent on Solvency Bill)	\$ -	\$ (147.5)	\$ -
Ending Balance	\$ 147.5	\$ -	\$ -
GENERAL FUND ENDING BALANCES	\$ 713.1	\$ 349.3	\$ 343.6
<i>Percent of Recurring Appropriations</i>	<i>11.6%</i>	<i>5.6%</i>	<i>5.5%</i>

Notes:

* HB 311 - \$22.2 m (\$12.3m fund sweeps and \$10m unrestriction of MOE).

** Pursuant to HB311 from Drivers License Fees.

Appropriation Account Detail: General Appropriation Act of 2016 and Other 2016 Legislation
(in millions of dollars)

	FY16		FY17		FY18		FY19		FY20	
	Recurring	Non-Recurring	Recurring	Non-Recurring	Recurring	Non-Recurring	Recurring	Non-Recurring	Recurring	Non-Recurring
REVENUE										
<u>2016 Regular Session:</u>										
Bill No. Revenue Legislation										
HB 311 2016 Revenue Legislation		\$ -		\$ 52.0						
SFC Amendments		\$ -		\$ 37.0						
(also includes \$40.6 million for FY16 Operating Reserve)										
LEDA, veto	\$ -			\$ (14.0)						
TOTAL REVENUE		\$ -		\$ 75.0						
APPROPRIATIONS										
<u>2016 Regular Session:</u>										
Bill No. Appropriations										
HB1 Feed Bill	\$ 6.2		\$ 15.6							
HB2 Sanding (Sec.11)			\$ (0.6)							
HB2 General Appropriation Act of 2016				\$ 6,300.5						
Section 4, General Appropriation										
Section 4, Vetoes		\$ (0.3)								
Section 4, SFC Amendments		\$ (20.8)		\$ (87.2)						
Section 5 & 6, Specials, Deficiencies & Supplementals		\$ 89.5		\$ 0.5						
Specials/Supplementals: CYFD				\$ (0.3)						
Section 5, SB141 (failed contingency): PED & HB112 EMNRD		\$ (1.4)								
Section 5, Vetoes		\$ (0.4)								
Section 10, FY16 OpBud Reduction		\$ (31.0)								
Subtotal--2016 Regular Session GAA	\$ 6.2	\$ 35.7	\$ 6,228.3	\$ 0.3						
TOTAL APPROPRIATIONS	\$ 6.2	\$ 35.7	\$ 6,228.3	\$ 0.3						

Notes:

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Consensus Revenue Estimate 18-Month Forecast Difference/Error

