

**Presentation to the New Mexico Revenue Stabilization and Tax Policy Committee:
General Fund Consensus Revenue Estimate — September 8, 2015**

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Summary

In keeping with a time-proven tradition, the Consensus Revenue Estimating Group (CREG) - professional economists at the Taxation and Revenue Department (TRD), the Department of Finance and Administration (DFA), the Department of Transportation (DOT), and the Legislative Finance Committee (LFC) - worked together to produce the consensus revenue estimate.

Table 1 provides a summary of the August 2015 revisions to previously estimated revenues contained in the most recent consensus forecast, which was released in February of 2015. Table 2 summarizes the estimated revenues of the major sectors¹. Table 3 identifies the revisions by the major sectors. For more detail see Appendix 1.

Table 1
August 2015 Consensus General Fund Recurring Revenue Outlook

	(Millions of Dollars)					
	FY15	FY16	FY17	FY18	FY19	FY20
February 2015 Estimate	\$6,115	\$6,241	\$6,528	\$6,805	\$7,082	\$0
August 2015 Revisions	\$112	\$7	\$0	\$28	\$46	\$7,414
August 2015 Consensus	\$6,227	\$6,248	\$6,528	\$6,833	\$7,128	\$7,414
Annual Change	\$186	\$21	\$280	\$305	\$295	\$286
Annual Percent Change	3.1%	0.3%	4.5%	4.7%	4.3%	4.0%

Revenue increases in FY15 of \$112 million are partly due to strength in income taxes and FML. After these revisions, FY15 is expected to grow by 3.1 percent, FY16 by 0.3 percent, and FY17 by 4.5 percent.

“New money” – FY17 recurring revenue less FY16 recurring appropriations – is estimated at \$293 million, equivalent to about 4.7 percent of FY16 recurring appropriations.

As in prior estimates, while the revenue outlook is generally positive but weak, revenues rely on weak oil and gas receipts that may prove pessimistic if prices begin to rise again or optimistic if the unprecedented boom in

¹ Energy related revenues include severance taxes and rents & royalties.

domestic oil production does not continue. The state should maintain reserves of at least 10 percent in order to mitigate this and other potential risks to the outlook.

Table 2
August 2015 Consensus General Fund Recurring Revenue Outlook

	(Millions of Dollars)					
	FY15	FY16	FY17	FY18	FY19	FY20
Gross receipts tax	\$2,129	\$2,234	\$2,332	\$2,424	\$2,526	\$2,630
Selective sales taxes	\$484	\$509	\$539	\$573	\$586	\$595
Personal income tax	\$1,340	\$1,379	\$1,440	\$1,511	\$1,580	\$1,641
Corporate income tax	\$255	\$225	\$235	\$195	\$175	\$183
Energy-related revenues	\$1,006	\$840	\$883	\$952	\$1,009	\$1,041
Investment/interest earnings	\$702	\$777	\$811	\$884	\$951	\$1,017
Other revenues	\$310	\$284	\$288	\$294	\$302	\$306
Total Recurring Revenue	\$6,227	\$6,248	\$6,528	\$6,833	\$7,128	\$7,414
Annual Percent Change	3.1%	0.3%	4.5%	4.7%	4.3%	4.0%

Table 3
August 2015 Revisions (Change from Prior Estimate)

	(Millions of Dollars)				
	FY15	FY16	FY17	FY18	FY19
Gross receipts tax	\$0	\$0	\$0	\$0	\$0
Selective sales taxes	\$6	\$5	\$3	\$3	\$1
Personal income tax	\$25	\$19	\$36	\$59	\$77
Corporate income tax	\$25	\$0	\$0	\$0	\$0
Energy-related revenues	\$34	(\$18)	(\$38)	(\$33)	(\$28)
Investment/interest earnings	\$8	(\$5)	(\$4)	(\$10)	(\$12)
Other revenues	\$14	\$5	\$4	\$7	\$8
Total Recurring Revenue	\$112	\$7	\$0	\$28	\$46

Gross Receipts Taxes

In FY15, taxable gross receipts (TGR) increased approximately seven percent over FY14. TRD forecasts GRT revenues using both historical data and indicators provided by UNM's Bureau of Business and Economic Research, including variables for private wage and salary and employment for the mining and construction sectors.

Compared with the February forecast, the state economy continues to add jobs at a moderate pace mostly in healthcare. However, New Mexico is still looking for local markets to broaden growth as the construction, real estate, and retail/wholesale trade continue to struggle. In the last 6 months, private wage and salary gained strength, while construction employment remained virtually flat and mining employment weakened. In the short term, the growth seen in FY15 of actual GRT revenue collections has met the expectations of the February forecast.

Figure 1 shows TGR has grown in a consistent pattern, very similar to the long term trend with the exception of the recession period (2008 through 2011). Estimated FY15 matched TGR has grown by \$3.4 billion over FY14, an increase of 6.7 percent. Figure 1 also shows general fund Gross Receipts Tax (GRT) between FY 07 and preliminary FY 2015, including estimated 60-day money of approximately \$21 million.

Figure 2 shows TGR exhibit a cyclical pattern over the 12 month fiscal year. The last six fiscal years show December as traditionally the high watermark and January-February the lowest level over the cycle.

Figure 3 shows the proportions of matched TGR by sector, with the largest unit-retail trade-remaining virtually unchanged between FY2009 and preliminary FY 2015. The construction sector has decreased by about 1.5 percent while healthcare has increased approximately 0.2 percent. The mining, quarrying, and oil and gas extraction has increased by 2.6 percent during the period.

Figure 1: TGR and General Fund GRT

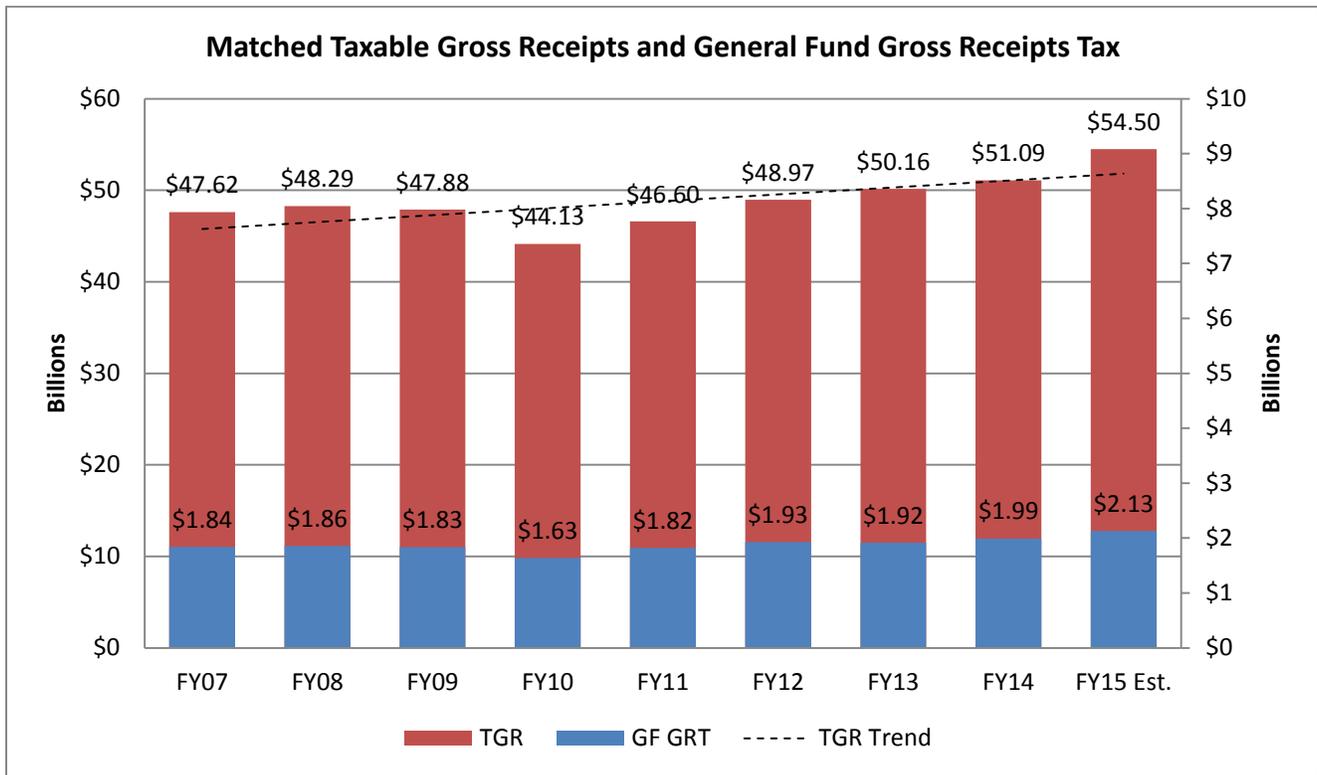


Figure 2: Monthly TGR by Fiscal Year

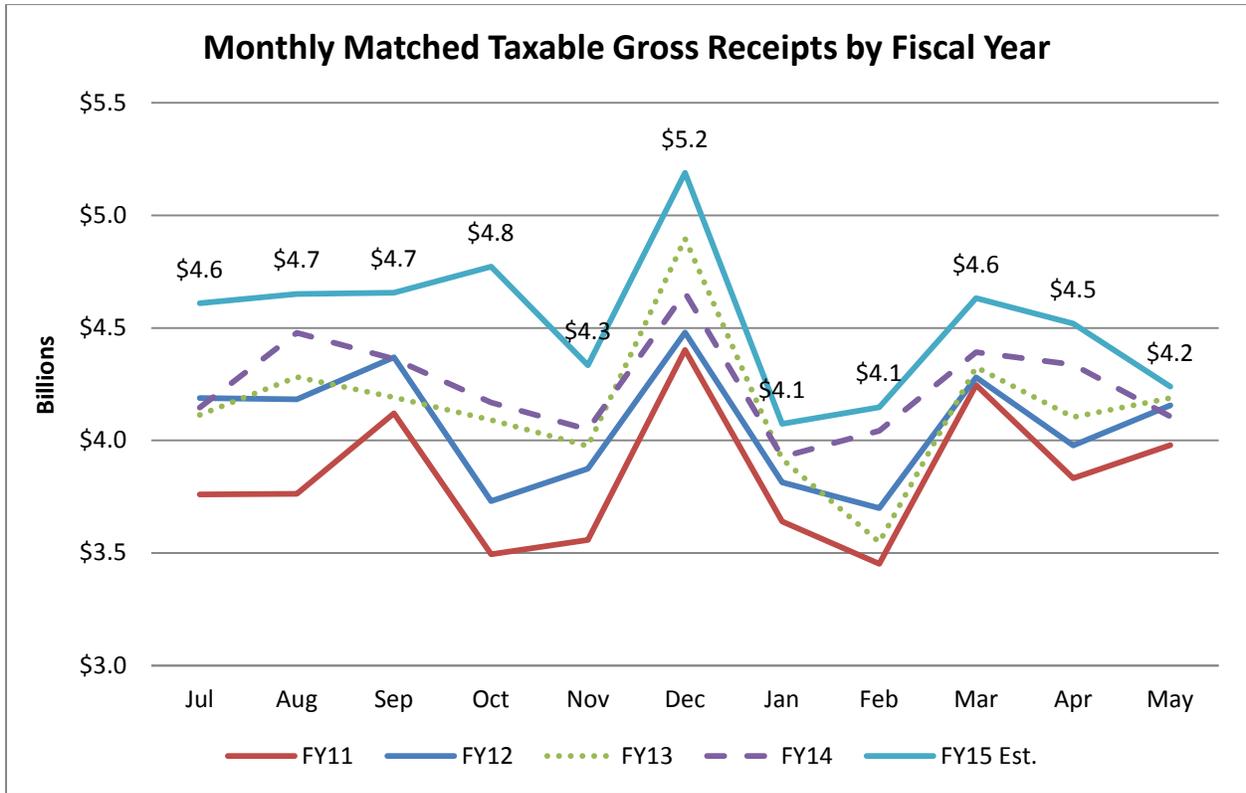
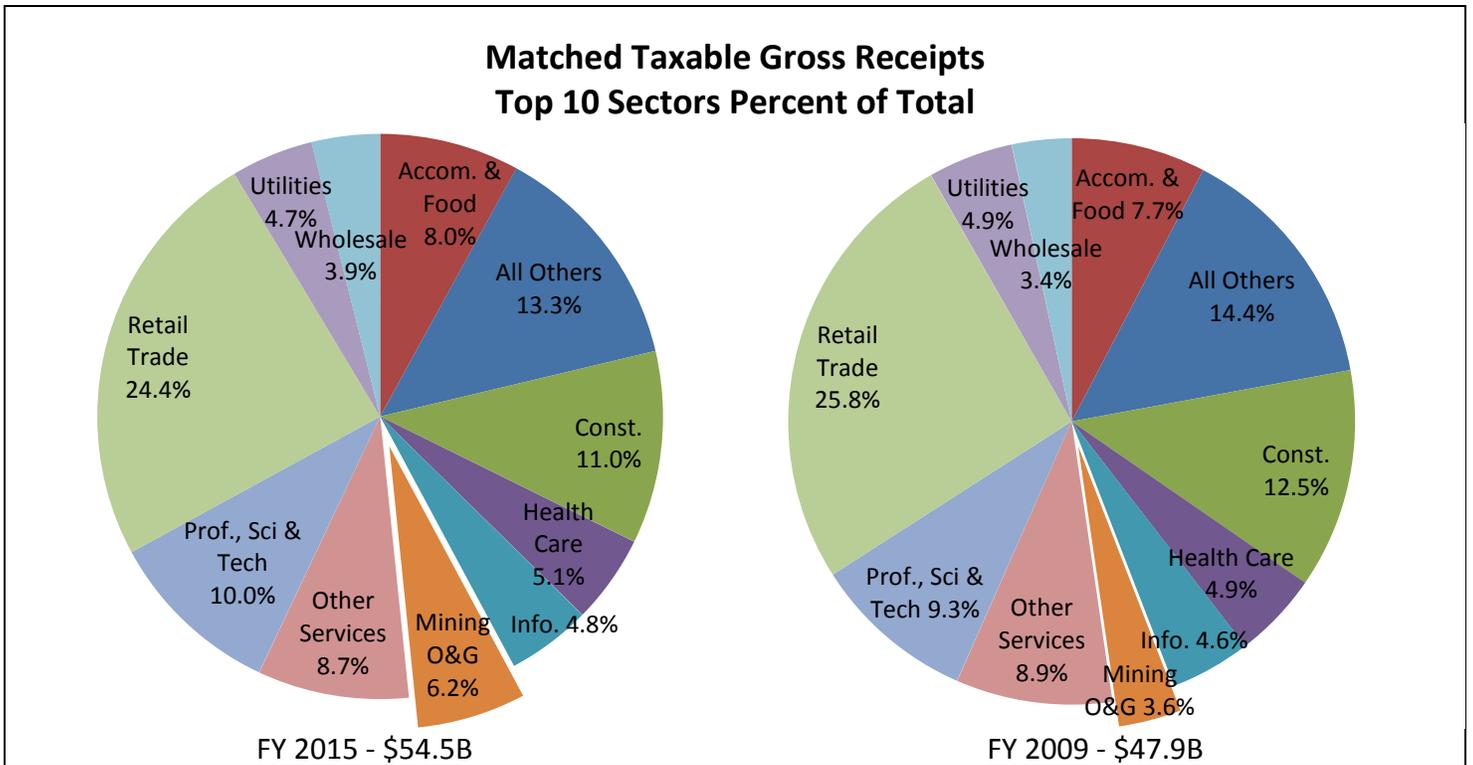


Figure 3: TGR by Sector

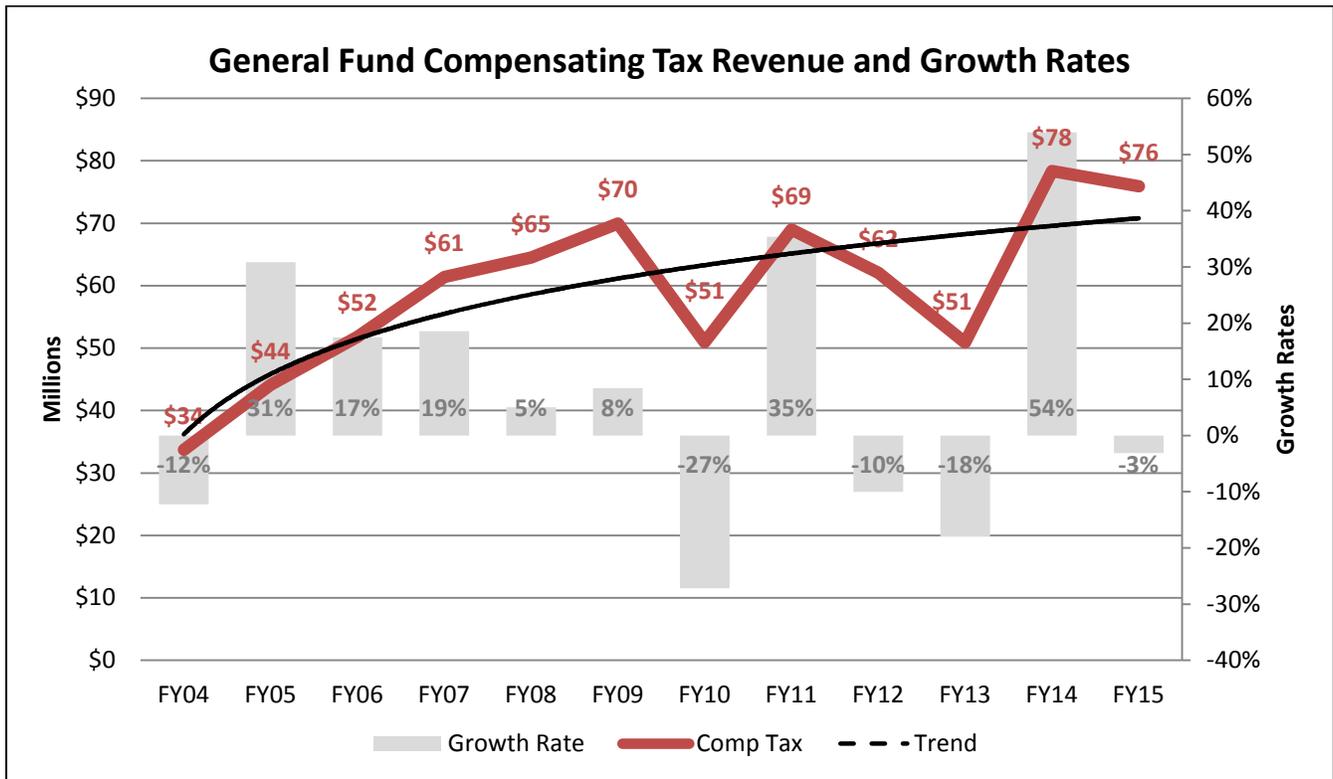


Compensating Taxes

FY14 was a record year for compensating tax revenue. However, the increasing volatility of this revenue source over the past several years has made it difficult to forecast. Preliminary FY15 figures show revenue collections of approximately \$82 million or 4.6 percent above the previous year. Year-to-year, up and down fluctuations have increased in frequency and magnitude: there hasn't been back-to-back growth years since FY08-FY09.

Figure 4 illustrates the changes since FY04 showing the downward pressure on oil prices has likely had a negative effect on compensating tax revenue collections in FY15. Historically, about 25 percent of compensating tax revenue has been collected through taxpayers in the extractive (oil and gas) industry.

Figure 4: Compensating Tax



Personal Income Taxes

Personal income taxes came in slightly stronger than anticipated in FY15. Though weak, growth of about 2.9% is expected in PIT in FY 16 forecast. Personal income tax is expected to grow at a steady rate of about 4% after FY16. The steady growth is attributed to growth in wages and salaries. According to NMDWS2, New Mexico's seasonally adjusted unemployment rate was 6.4 percent in June 2015, up from 6.2 percent in May but down from 6.6 percent a year ago. The national unemployment rate was 5.3 percent, down from 5.5 percent in May and 6.1 percent in June 2014.

² Employment News Release on July 21, 2015 by New Mexico Department of Workforce Solutions

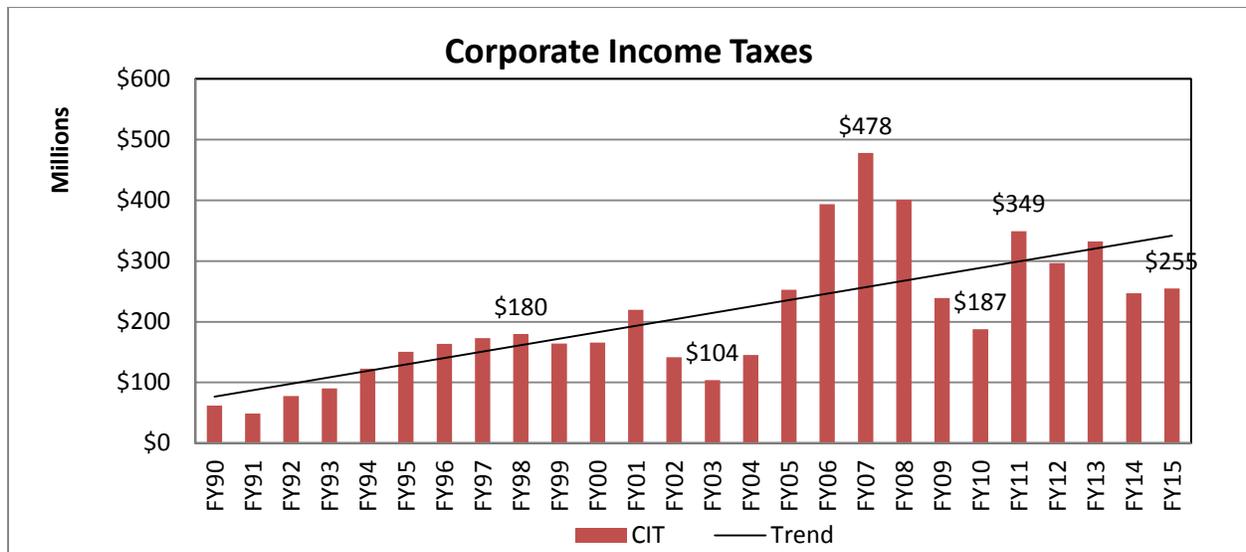
The rate of over-the-year job growth for New Mexico nonfarm payroll employment, comparing June 2015 with June 2014, was 1.6 percent, representing an increase of 12,700 jobs. This is a significant uptick from the May 2015 over-the-year gain of 7,600 jobs, or 0.9 percent, and represents the thirty-fourth consecutive month of over-the-year growth. Eight industries added jobs, four posted losses (Construction, Mining, Financial Activities, and Miscellaneous other services), and one reported no change in employment from June 2014.

According to United States Department of Labor report on the employment situation released on July 2015, total national nonfarm payroll employment increased by 215,000 in July, and the unemployment rate was unchanged at 5.3 percent. National job gains occurred in retail trade, health care, professional and technical services, and financial activities.

Corporate Income Taxes

Corporate Income Tax (CIT) collections were revised upward to reflect higher year-to-date revenue. Figure 5 illustrates how volatile CIT has been over the past few years. The increase in the FY15 forecast is partly due to both higher taxes from late payers and to a lesser extent the implementation of the Electronic Filing system (e-file). Previously CIT taxpayers could not submit an electronic return. In FY15, 16 percent of CIT filers e-filed their 2014 tax returns rather, than submitting paper returns that take longer to process. Each year TRD expects more taxpayers to switch to e-filing. In addition, the liability from unclaimed renewable energy tax credits continues to increase. The impact of e-file and the increased number of tax credits taken last year and their impact on revenues continue to be analyzed by the economists.

Figure 5: Gross Corporate Income Taxes



According to Congressional Budget Office (CBO), revenues as a share of GDP are projected to grow by two-thirds of one percentage point over the next year—from 17.7 percent in 2015 to 18.4 percent in 2016—and then remain near that level through 2025. CBO also expects corporate income tax receipts to decline relative to GDP, primarily because of an expected drop in domestic economic profits relative to the size of the economy, the result of increasing labor costs and rising interest payments on businesses' debt. The CBO downward revisions lowered the forecast from February, but recent revenue receipts offset this decline. Therefore, the CIT forecast in FY16 - FY19 remains unchanged.

The end of 2014 saw the expiration of several federal provisions of law that had reduced the income tax liabilities of corporations and individuals—including provisions that allowed businesses to immediately deduct significant portions of their investments in equipment. Although such provisions have been extended routinely in the past for limited periods, those extensions are not assumed in CBO's baseline, which follows current law.

Liquor Excise Taxes

Liquor Excise taxes remain steady and we don't anticipate any major decline or increase in the near future. It is important to note that there is a shift in consumer behavior as the consumption of Beer is declining whereas the consumption of Spirits and Wine is on the rise. There were some changes introduced during 2014 legislative session affecting Liquor Tax distribution to DWI Grant Fund Chapter 54 [HB-16]. This law amends Section 7-1-6.40, NMSA 1978, to increase the distribution of liquor excise tax revenue to the Local DWI Grant Fund to 46 percent for FY16 through FY18, which reduces general fund distribution by an average of \$2 million for the respective fiscal years. The second change to the distribution was the introduction of the Lottery Tuition Scholarship Fund Solvency Chapter 80 [SB-347 (Section 7)] which amends the Tax Administration Act to provide for a distribution, from FY16 and FY17, of thirty-nine percent to the Lottery Tuition Fund; the overall effect leads to a reduction in distribution to the general fund by about \$19 M for the time the amendments are in effect.

Cigarette and Tobacco Products Taxes

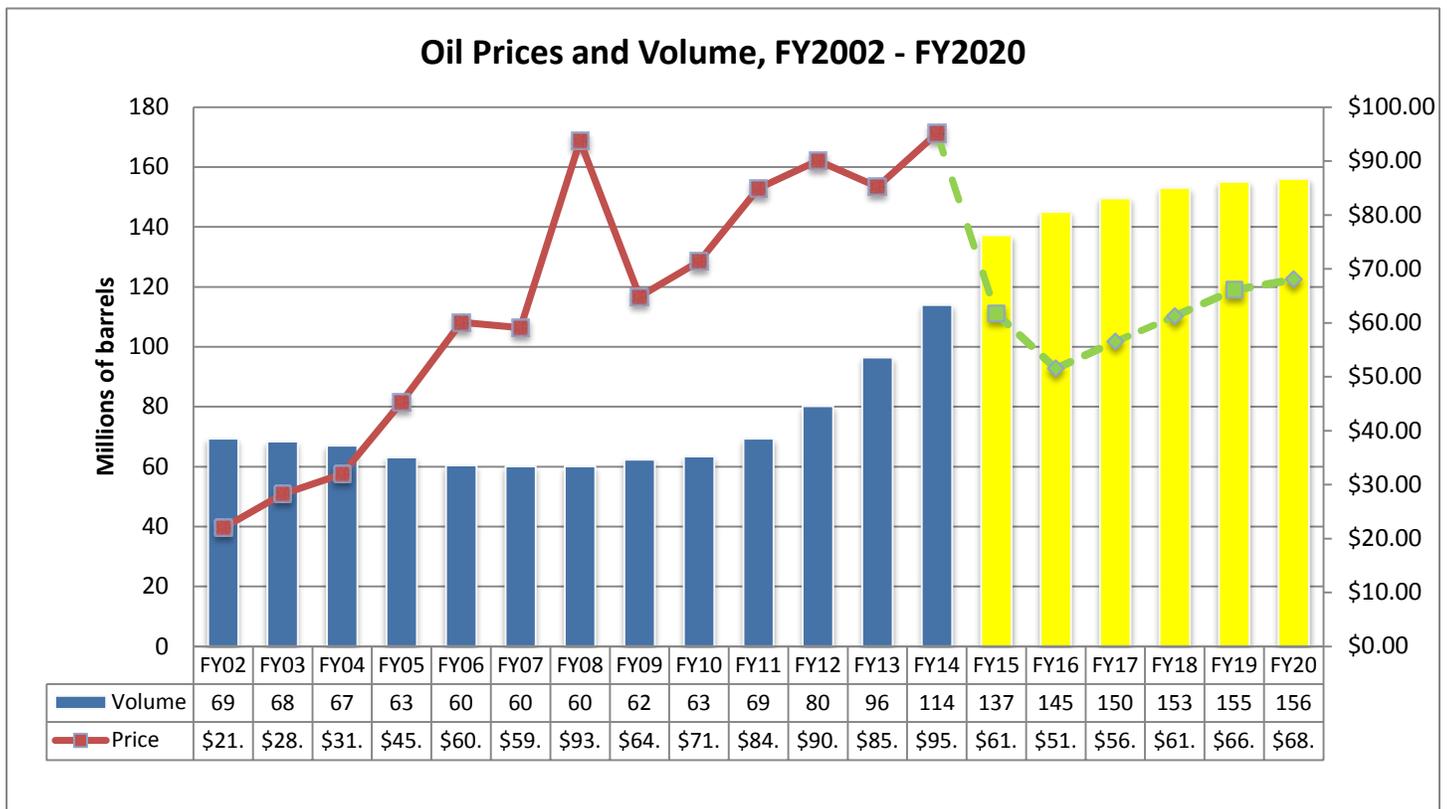
Cigarette and Tobacco Products remain reasonably steady despite the tendency for a decline in FY16 and future forecasts. Presumably, the decline can be attributed to a shift in consumer behavior by adopting E-cigarettes which are currently subject only to GRT and not an excise tax.

Severance Taxes

The weaker Severance Tax forecast largely relates to higher year-over-year oil production volumes, but much weaker oil prices. This provides a sustainable base-level of production through the forecast period, while revenues from natural gas production and prices continue to decline.

Figure 6 illustrates that declines in oil prices do not necessarily lead to declines in production. The chart also includes the forecasted prices and volumes.

Figure 6: Oil Prices and Volumes



Natural Resource Extractive Sectors

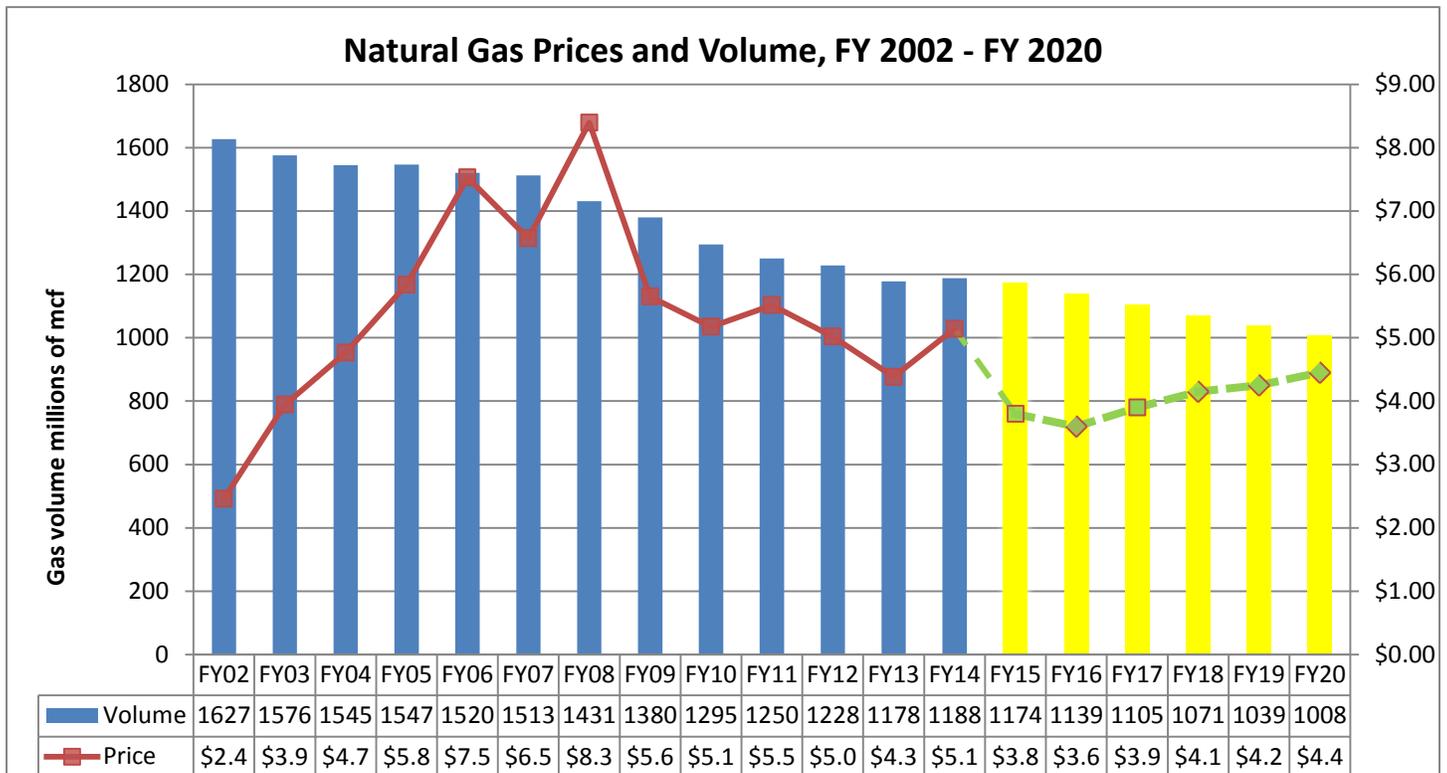
Oil exploration and production continue to show considerable strength. However, New Mexico oil prices have been much lower than previously expected. New Mexico crude oil price has been estimated at \$61.72 in FY15, \$0.72 higher than the February 2015 forecast. The CREG now expects New Mexico oil prices to average \$51.54 in FY16 and \$56.52 in FY17, showing a \$4.46 decrease for FY16 and a \$8.48 decrease for FY17 from the February 2015 forecast.

Crude oil production in New Mexico has been estimated to increase 20.5% in FY15, reaching 137.2 million barrels. The CREG also expects production to increase gradually over the next few years. A 5.7% increase is estimated in FY2016, and 3.1% in FY2017.

Natural gas prices in New Mexico have been estimated at \$3.80 in FY15. The consensus group now expects New Mexico gas prices to average \$3.60 in FY16 and \$3.90 in FY17, showing a \$0.50 decrease in FY16 and \$0.40 decrease in FY17 from the February 2015 forecast.

For the first time in a decade, NM natural gas production increased 0.84% in FY14. The CREG is expecting total production to be 1,174 billion cubic feet in FY15 and 1,139 billion cubic feet in FY16. Figure 7 shows the history and forecasted natural gas prices and volumes.

Figure 7: Natural Gas Prices and Volumes



Looking Forward

The New Mexico economy remains in a pattern of slow but stable growth (see Appendix 2). Nationally, GDP forecasts were revised downward in FY15 due in part to a weaker fourth-quarter growth. Annual growth results from positive increases in employment, household wealth, and real consumer spending. Recent employment reports have added payroll jobs to the economy but have seen weak wage growth and declining labor-force participation rates. Overall GDP grew 2.6 percent in FY15 and is expected to grow 2.4 percent in F Y16, and 3 percent in FY17.

Inflation grew 0.7 percent in FY15 and is expected to grow 1 percent in FY16 and 2.1 percent in FY17, slightly lower growth than the February forecast. The consumer outlook remains positive. Auto sales have been strong

and account for much of the strength in spending. Investment spending on buildings is high, R&D and software is growing moderately, equipment spending is flat and spending on mines and wells has collapsed. Home prices are finally starting to rise providing some equity increases for many homeowners, but many still remain underwater. New home inventories are weak. With the energy sector's demand for construction workers dampening, the residential sector's labor supply is expanding.

According to the Bureau of Business and Economic Research (BBER), New Mexico non-agricultural employment grew 1.2 percent in FY15 and is expected to continue at 1.3 percent in FY16 and in FY17. Personal income growth was revised up from February to 4.8 percent in FY15 and to 4.6 percent in FY16 and 4.9 percent in FY17. Private wages and salaries grew at 5.7 percent in FY15 and are expected to grow 4.4 percent in FY16 and 4.9 percent in FY17. Total wages and salaries grew 4.5 percent in FY15 and are expected to grow 3.8 percent in FY16 and 4.1 percent in FY17.

Risks to the Forecast

TRD approved about \$46 million in high wage jobs tax credit protest claims by the end of July 2015. About half of these claims were paid in FY15 and the other half were paid in FY16.

In FY15 TRD increased its audit efforts. These efforts resulted in additional revenues being collected in most of the major tax programs including GRT, compensating tax, and PIT. TRD collected about \$30 million in GRT revenues, \$3 million in compensating tax, and \$7 million in withholding.

There are downside and upside risks that have been taken into consideration for the gaming revenue forecasts. There are several Tribal Nations under the 2007 compact that may sign into the 2015 compact. The consensus forecast used the 2015 compact rates in estimating these casinos' revenues in FY16-FY20. These revenue sharing rates are lower than those from the 2007 compact, and by TRD's estimates the revenue loss to the state is in the region of \$1 million per year.

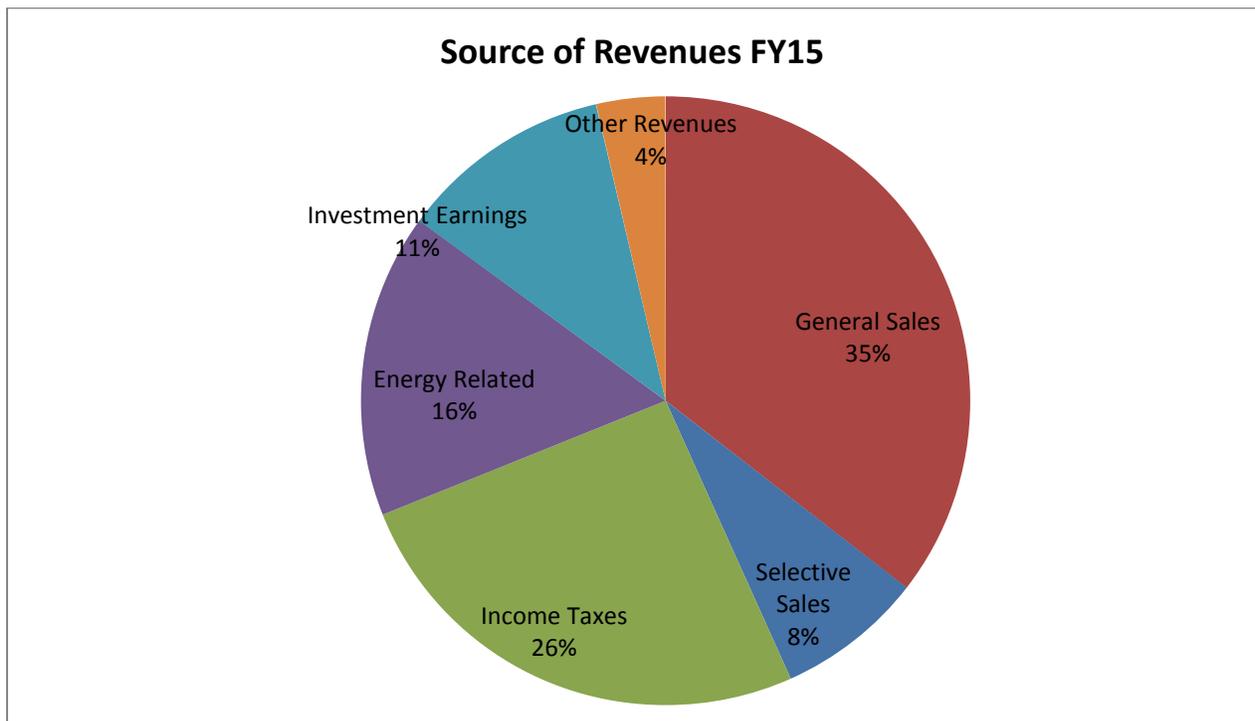
Upside risks to the forecast include Jemez Pueblo signing into the 2015 compact while making plans to acquire land, and build a casino near Anthony, NM. The construction of a new casino may increase the revenue collected by the state. There is also the possibility that the market may be reaching a point of saturation, meaning that casinos may "steal" business from casinos already operating. This event could prove that new casinos may not necessarily add new revenues to the state.

Unclaimed Property is the highest contributor to miscellaneous receipts at about 40 percent. Due to the uncertainty in yearly unclaimed property collections, this forecast was revised up each year due to the higher-

than-expected revenues from Unclaimed Property over the last three years. A taxpayer could make a large claim at any time against this revenue.

Source of Revenues

The figure below shows that the majority of general fund revenue in FY15 comes from general sales or the gross receipts tax at 35 percent (34 percent in FY14), while the second largest revenue source is from personal and corporate income taxes at 26 percent (24 percent in FY14), followed by energy-related revenues at 16 percent (20 percent in FY14).



General Fund Consensus Revenue Estimate August 2015

Appendix 1

	FY15					FY16					FY17				
	Feb 2015 Est.	Aug 2015 Est.	Change from Prior	%	\$ Change from FY14	Feb 2015 Est. Adj. for Legis	Aug 2015 Est.	Change from Prior	%	\$ Change from FY15	Feb 2015 Est. Adj. for Legis	Aug 2015 Est.	Change from Prior	%	\$ Change from FY16
Gross Receipts Tax	2,129.0	2,129.0	-	6.9%	137.0	2,233.9	2,233.9	-	4.9%	104.9	2,331.7	2,331.7	-	4.4%	97.8
Compensating Tax	75.0	82.0	7.0	4.6%	3.6	68.9	68.6	(0.3)	-16.4%	(13.5)	74.4	68.0	(6.4)	-0.8%	(0.5)
TOTAL GENERAL SALES	2,204.0	2,211.0	7.0	6.8%	140.6	2,302.8	2,302.5	(0.3)	4.1%	91.5	2,406.1	2,399.7	(6.4)	4.2%	97.2
Tobacco Taxes	79.0	81.9	2.9	4.4%	3.4	78.1	82.0	3.9	0.1%	0.1	77.4	81.0	3.6	-1.2%	(1.0)
Liquor Excise	26.7	26.7	-	1.3%	0.3	6.7	6.7	-	-74.9%	(20.0)	6.9	6.9	-	3.0%	0.2
Insurance Taxes	140.0	140.0	-	21.7%	24.9	183.0	183.0	-	30.7%	43.0	213.0	213.0	-	16.4%	30.0
Fire Protection Fund Reversion	14.9	15.7	0.8	-2.6%	(0.4)	13.8	14.0	0.2	-10.6%	(1.7)	12.8	12.8	(0.0)	-8.7%	(1.2)
Motor Vehicle Excise	143.3	143.0	(0.3)	7.3%	9.7	146.6	146.0	(0.6)	2.1%	3.0	149.9	150.0	0.1	2.7%	4.0
Gaming Excise	67.9	70.1	2.2	5.5%	3.6	68.1	68.9	0.8	-1.7%	(1.2)	68.3	67.7	(0.6)	-1.7%	(1.2)
Leased Vehicle Surcharge	5.2	5.2	-	-0.1%	(0.0)	5.2	5.2	-	0.0%	-	5.2	5.2	-	0.0%	-
Other	1.1	1.0	(0.0)	-64.9%	(1.9)	2.4	3.0	0.6	190.3%	2.0	2.4	2.2	(0.2)	-26.7%	(0.8)
TOTAL SELECTIVE SALES	478.1	483.6	5.5	9.0%	39.7	503.9	508.8	4.9	5.2%	25.2	535.9	538.8	2.9	5.9%	30.0
Personal Income Tax	1,315.0	1,340.0	25.0	6.8%	85.1	1,359.6	1,379.0	19.5	2.9%	39.0	1,404.2	1,440.0	35.8	4.4%	61.0
Corporate Income Tax	230.0	255.0	25.0	29.6%	58.2	224.7	224.7	-	-11.9%	(30.3)	234.7	234.7	-	4.4%	10.0
TOTAL INCOME TAXES	1,545.0	1,595.0	50.0	9.9%	143.3	1,584.2	1,603.7	19.5	0.5%	8.7	1,638.8	1,674.7	35.8	4.4%	71.0
Oil and Gas School Tax	370.0	370.7	0.7	-26.0%	(130.0)	347.0	331.8	(15.2)	-10.5%	(38.9)	387.0	365.1	(21.9)	10.0%	33.3
Oil Conservation Tax	20.0	19.6	(0.4)	-28.0%	(7.6)	19.0	17.6	(1.4)	-10.1%	(2.0)	21.0	19.4	(1.6)	9.8%	1.7
Resources Excise Tax	12.7	13.0	0.3	-0.1%	(0.0)	12.7	13.0	0.3	0.0%	-	12.7	13.0	0.3	0.0%	-
Natural Gas Processors Tax	19.0	19.0	-	17.3%	2.8	20.0	18.7	(1.3)	-1.6%	(0.3)	16.0	14.2	(1.8)	-24.1%	(4.5)
TOTAL SEVERANCE TAXES	421.7	422.3	0.6	-24.2%	(134.8)	398.7	381.1	(17.6)	-9.8%	(41.2)	436.7	411.7	(25.0)	8.0%	30.6
LICENSE FEES	51.6	55.0	3.4	6.5%	3.3	51.8	53.5	1.7	-2.8%	(1.5)	51.9	54.6	2.7	2.2%	1.2
LGPFF Interest	496.2	502.8	6.7	11.9%	53.4	553.2	553.2	-	10.0%	50.4	547.2	547.0	(0.2)	-1.1%	(6.2)
STO Interest	15.0	16.8	1.8	-11.4%	(2.2)	35.0	29.9	(5.1)	77.6%	13.1	65.0	60.8	(4.2)	103.3%	30.9
STPF Interest	182.7	182.7	-	7.2%	12.2	193.6	193.5	(0.1)	5.9%	10.8	203.5	203.5	0.1	5.2%	10.0
TOTAL INTEREST	693.9	702.3	8.5	9.9%	63.5	781.8	776.6	(5.2)	10.6%	74.3	815.7	811.3	(4.4)	4.5%	34.7
Federal Mineral Leasing	510.0	541.9	31.9	-4.9%	(28.0)	420.0	420.0	-	-22.5%	(121.9)	445.0	430.0	(15.0)	2.4%	10.0
State Land Office	40.9	42.2	1.3	-11.1%	(5.3)	39.7	39.3	(0.4)	-6.8%	(2.9)	39.7	41.4	1.7	5.3%	2.1
TOTAL RENTS & ROYALTIES	550.9	584.1	33.2	-5.4%	(33.2)	459.7	459.3	(0.4)	-21.4%	(124.8)	484.7	471.4	(13.3)	2.6%	12.1
TRIBAL REVENUE SHARING	70.0	65.0	(5.0)	-3.8%	(2.6)	63.3	64.3	1.0	-1.1%	(0.7)	65.6	65.8	0.2	2.3%	1.5
MISCELLANEOUS RECEIPTS	46.6	52.7	6.1	17.1%	7.7	49.9	52.9	3.0	0.4%	0.2	52.2	55.0	2.9	3.9%	2.1
REVERSIONS	53.0	55.7	2.7	-42.3%	(40.8)	45.0	45.0	-	-19.2%	(10.7)	40.0	45.0	5.0	0.0%	-
TOTAL RECURRING	6,114.7	6,226.8	112.1	3.1%	186.7	6,241.2	6,247.7	6.5	0.3%	21.0	6,527.6	6,528.0	0.5	4.5%	280.3
TOTAL NON-RECURRING	-	24.6	24.6	na	24.2	-	5.5	5.5	-77.6%	(19.1)	-	-	-	-100.0%	(5.5)
GRAND TOTAL	6,114.7	6,251.4	136.7	3.5%	210.9	6,241.2	6,253.2	12.0	0.0%	1.9	6,527.6	6,528.0	0.5	4.4%	274.8

General Fund Consensus Revenue Estimate August 2015

Appendix 1

	FY18					FY19					FY20		
	Feb 2015 Est. Adj. for Legis	Aug 2015 Est.	Change from Prior	% Change from FY17	\$ Change from FY17	Feb 2015 Est. Adj. for Legis	Aug 2015 Est.	Change from Prior	% Change from FY18	\$ Change from FY18	Aug 2015 Est.	% Change from FY19	\$ Change from FY19
Gross Receipts Tax	2,424.5	2,424.5	-	4.0%	92.8	2,525.8	2,525.8	-	4.2%	101.4	2,630.0	4.1%	104.2
Compensating Tax	73.6	69.4	(4.2)	2.1%	1.4	72.1	72.2	0.1	4.0%	2.8	71.3	-1.2%	(0.9)
TOTAL GENERAL SALES	2,498.1	2,493.9	(4.2)	3.9%	94.2	2,597.9	2,598.0	0.1	4.2%	104.2	2,701.3	4.0%	103.3
Tobacco Taxes	76.4	80.0	3.6	-1.2%	(1.0)	75.7	79.0	3.3	-1.3%	(1.0)	78.1	-1.1%	(0.9)
Liquor Excise	26.1	26.1	-	278.3%	19.2	28.9	28.9	-	10.7%	2.8	27.7	-4.2%	(1.2)
Insurance Taxes	226.0	226.0	-	6.1%	13.0	237.0	237.0	-	4.9%	11.0	247.2	4.3%	10.2
Fire Protection Fund Reversion	11.9	11.5	(0.4)	-9.9%	(1.3)	10.7	10.2	(0.5)	-11.8%	(1.4)	8.6	-15.1%	(1.5)
Motor Vehicle Excise	152.9	155.0	2.1	3.3%	5.0	156.0	158.0	2.0	1.9%	3.0	161.0	1.9%	3.0
Gaming Excise	68.5	66.5	(2.0)	-1.8%	(1.2)	68.8	65.4	(3.4)	-1.7%	(1.1)	65.3	-0.2%	(0.1)
Leased Vehicle Surcharge	5.2	5.2	-	0.0%	-	5.2	5.2	-	0.0%	-	5.2	0.0%	-
Other	2.4	2.2	(0.2)	0.0%	-	2.4	2.2	(0.2)	0.0%	-	2.2	0.0%	-
TOTAL SELECTIVE SALES	569.4	572.5	3.1	6.3%	33.7	584.7	585.9	1.2	2.3%	13.3	595.3	1.6%	9.5
Personal Income Tax	1,451.8	1,511.0	59.3	4.9%	71.0	1,503.0	1,580.0	77.0	4.6%	69.0	1,641.0	3.9%	61.0
Corporate Income Tax	194.7	194.7	-	-17.0%	(40.0)	174.7	174.7	-	-10.3%	(20.0)	183.4	5.0%	8.7
TOTAL INCOME TAXES	1,646.4	1,705.7	59.3	1.9%	31.0	1,677.7	1,754.7	77.0	2.9%	49.0	1,824.4	4.0%	69.7
Oil and Gas School Tax	412.0	394.6	(17.4)	8.1%	29.5	437.0	418.1	(18.9)	5.9%	23.5	430.5	3.0%	12.4
Oil Conservation Tax	23.0	20.9	(2.1)	8.0%	1.5	24.0	22.2	(1.8)	6.1%	1.3	22.8	2.9%	0.6
Resources Excise Tax	12.7	13.0	0.3	0.0%	-	12.7	13.0	0.3	0.0%	-	13.0	0.0%	-
Natural Gas Processors Tax	16.0	13.9	(2.1)	-2.1%	(0.3)	15.0	13.5	(1.5)	-2.9%	(0.4)	13.1	-3.0%	(0.4)
TOTAL SEVERANCE TAXES	463.7	442.4	(21.3)	7.5%	30.8	488.7	466.8	(21.9)	5.5%	24.3	479.4	2.7%	12.6
LICENSE FEES	52.0	55.9	3.9	2.4%	1.3	52.0	57.3	5.3	2.5%	1.4	58.9	2.7%	1.6
LGPf Interest	602.0	600.3	(1.7)	9.7%	53.3	654.7	650.6	(4.1)	8.4%	50.3	693.6	6.6%	43.0
STO Interest	75.0	67.0	(8.0)	10.2%	6.2	80.0	72.3	(7.7)	7.9%	5.3	86.1	19.1%	13.8
STPF Interest	216.7	216.7	0.0	6.5%	13.2	227.4	227.7	0.3	5.1%	11.0	237.2	4.2%	9.5
TOTAL INTEREST	893.7	884.0	(9.6)	9.0%	72.7	962.1	950.6	(11.5)	7.5%	66.6	1,016.9	7.0%	66.3
Federal Mineral Leasing	480.0	466.0	(14.0)	8.4%	36.0	505.0	497.0	(8.0)	6.7%	31.0	516.0	3.8%	19.0
State Land Office	40.9	43.6	2.7	5.3%	2.2	43.1	45.1	2.0	3.4%	1.5	45.9	1.8%	0.8
TOTAL RENTS & ROYALTIES	520.9	509.6	(11.3)	8.1%	38.2	548.1	542.1	(6.0)	6.4%	32.5	561.9	3.7%	19.8
TRIBAL REVENUE SHARING	68.1	67.8	(0.3)	3.0%	2.0	76.8	71.0	(5.8)	4.7%	3.2	73.1	3.0%	2.1
MISCELLANEOUS RECEIPTS	53.0	55.9	2.9	1.5%	0.8	53.9	56.8	2.9	1.6%	0.9	57.8	1.8%	1.0
REVERSIONS	40.0	45.0	5.0	0.0%	-	40.0	45.0	5.0	0.0%	-	45.0	0.0%	-
TOTAL RECURRING	6,805.2	6,832.7	27.5	4.7%	304.7	7,081.9	7,128.1	46.2	4.3%	295.4	7,414.0	4.0%	285.9
TOTAL NON-RECURRING	-	-	-	na	-	-	-	-	na	-	-	na	-
GRAND TOTAL	6,805.2	6,832.7	27.5	4.7%	304.7	7,081.9	7,128.1	46.2	4.3%	295.4	7,414.0	4.0%	285.9

U.S. and New Mexico Economic Indicators

Appendix 2

		FY15		FY16		FY17		FY18		FY19		FY20
		Feb15 Forecast	Aug15 Forecast	Aug15 Forecast								
National Economic Indicators												
GI	US Real GDP Growth (annual avg. ,% YOY)*	3.1	2.6	2.6	2.4	2.9	3.0	2.4	2.5	2.6	2.5	2.5
	Moody's US Real GDP Growth (annual avg. ,% YOY)*	3.2	2.6	3.7	2.6	3.2	3.0	2.7	2.8	2.1	2.5	1.9
GI	US Inflation Rate (CPI-U, annual avg., % YOY)**	0.6	0.7	1.5	1.0	2.3	2.1	2.4	2.5	2.5	2.5	2.2
	Moody's US Inflation Rate (CPI-U, annual avg., % YOY)**	1.2	0.7	1.9	1.7	2.7	2.7	2.9	2.8	2.8	2.8	2.5
GI	Federal Funds Rate (%)	0.15	0.11	0.91	0.66	2.46	1.81	3.73	3.35	3.75	3.50	3.50
	Moody's Federal Funds Rate (%)	0.11	0.11	1.05	0.81	2.96	2.58	3.84	3.61	3.93	3.82	3.64
New Mexico Labor Market and Income Data												
BBER	NM Non-Agricultural Employment Growth	0.9	1.2	1.2	1.3	1.4	1.3	1.1	1.4	1.0	1.3	1.0
	Moody's NM Non-Agricultural Employment Growth	1.8	1.4	1.7	1.6	1.4	2.4	1.0	2.0	0.9	1.3	0.6
BBER	NM Nominal Personal Income Growth (%)***	3.5	4.8	3.9	4.6	4.5	4.9	4.8	5.0	4.5	4.9	4.8
	Moody's NM Nominal Personal Income Growth (%)***	3.6	4.8	3.0	3.5	3.9	3.5	4.1	4.1	4.2	4.3	3.9
BBER	NM Total Wages & Salaries Growth (%)	3.6	4.5	3.9	3.8	4.4	4.1	4.1	4.2	4.1	4.3	4.2
	Moody's NM Total Wages & Salaries Growth (%)	3.3	4.5	4.7	3.1	4.9	3.8	4.7	4.4	5.0	4.6	3.7
BBER	NM Private Wages & Salaries Growth (%)	4.4	5.7	4.5	4.4	4.7	4.9	4.4	4.7	4.4	4.7	4.5
BBER	NM Real Gross State Product (% YOY)	2.6	2.2	2.6	2.2	2.8	2.9	2.5	2.5	2.6	2.5	2.4
	Moody's NM Real Gross State Product (% YOY)	1.3	1.5	2.5	2.2	2.2	2.7	1.7	2.3	1.6	2.2	1.9
CREG	NM Oil Price (\$/barrel)	\$61.00	\$61.72	\$56.00	\$51.54	\$65.00	\$56.52	\$70.00	\$61.23	\$75.00	\$66.10	\$68.06
CREG	NM Taxable Oil Volumes (million barrels)	125.0	137.2	128.0	145.0	131.0	149.5	133.0	153.0	135.0	155.0	156.0
	NM Taxable Oil Volumes (%YOY growth)	10.2%	21.0%	2.4%	5.7%	2.3%	3.1%	1.5%	2.3%	1.5%	1.3%	0.6%
CREG	NM Gas Price (\$ per thousand cubic feet)****	\$4.30	\$3.80	\$4.10	\$3.60	\$4.30	\$3.90	\$4.50	\$4.15	\$4.70	\$4.25	\$4.45
CREG	NM Taxable Gas Volumes (billion cubic feet)	1,181	1,174	1,150	1,139	1,118	1,105	1,088	1,071	1,052	1,039	1,008
	NM Taxable Gas Volumes (%YOY growth)	-0.5%	-1.1%	-2.6%	-3.0%	-2.8%	-3.0%	-2.7%	-3.1%	-3.3%	-3.0%	-3.0%

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 - July 2015 FOR-UNM baseline. Global Insight - July 2015 baseline.

DFA Notes

****The gas prices are estimated using a formula of NYMEX, EIA, Moody's Analytics, and IHS Global Insight futures and forecast prices as well as a premium for natural gas liquids based on the oil price forecast.

Sources: Moody's Analytics baseline forecast, January 2015 & July 2015