

# Consensus General Fund Revenue Outlook

Presentation to:  
Legislative Finance Committee  
August 21, 2024

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Office of the Governor

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# Outline

- Consensus Revenue Estimating Group Overview
- US/Global Macroeconomic Outlook
- New Mexico Macroeconomic Outlook
- Oil and Natural Gas Outlook
- Gross Receipt Tax (GRT)
- Personal Income Tax (PIT)
- Corporate Income Tax (CIT)
- Severance & Rents & Royalties
- General Fund Overview

# Consensus Revenue Estimating Group

## Participating Agencies

### **New Mexico Department of Finance and Administration**

**Leonardo Delgado, Chief Economist**  
**Noel Martinez, Senior Economist**

### **New Mexico Taxation and Revenue Department**

**Lucinda Sydow, Chief Economist**  
**Pedro Clavijo, Senior Economist**  
**Asif Rasool, Senior Economist**  
**Sara Grubbs, Senior Economist**

### **New Mexico Department of Transportation**

**Michael Morrison, Chief Economist**  
**Kwaku Boakye, Senior Economist**  
**Jisub Seong, Senior Economist**

### **Legislative Finance Committee**

**Ismael Torres, Chief Economist**  
**Jennifer Faubion, Economist**  
**Brendon Gray, Economist**

# U.S. & N.M. Baseline Forecasts

## ➤ **Moody's Analytics (July 2024 Baseline)**

- The Federal Reserve is expected to reduce interest rates by 25 basis points in September 2024 and December 2024.
- The U.S. labor market is holding up much better than expected and continues to add jobs with the forecast suggesting healthy moderation
- Disinflation is indeed in the homestretch with monthly consumer price inflation in May coming in better than expected
- Inflation is anticipated to stabilize by early 2025
- Moody's anticipates energy prices to slightly increase in the second half of 2024 as the global economy continues to improve
- National GDP growth—spurred by consumer spending—will be slightly lower in the near term and return to historical growth rates by CY2026
- **Moody's expects the national economy to grow at below-trend growth in the near term and return to trend by 2026**

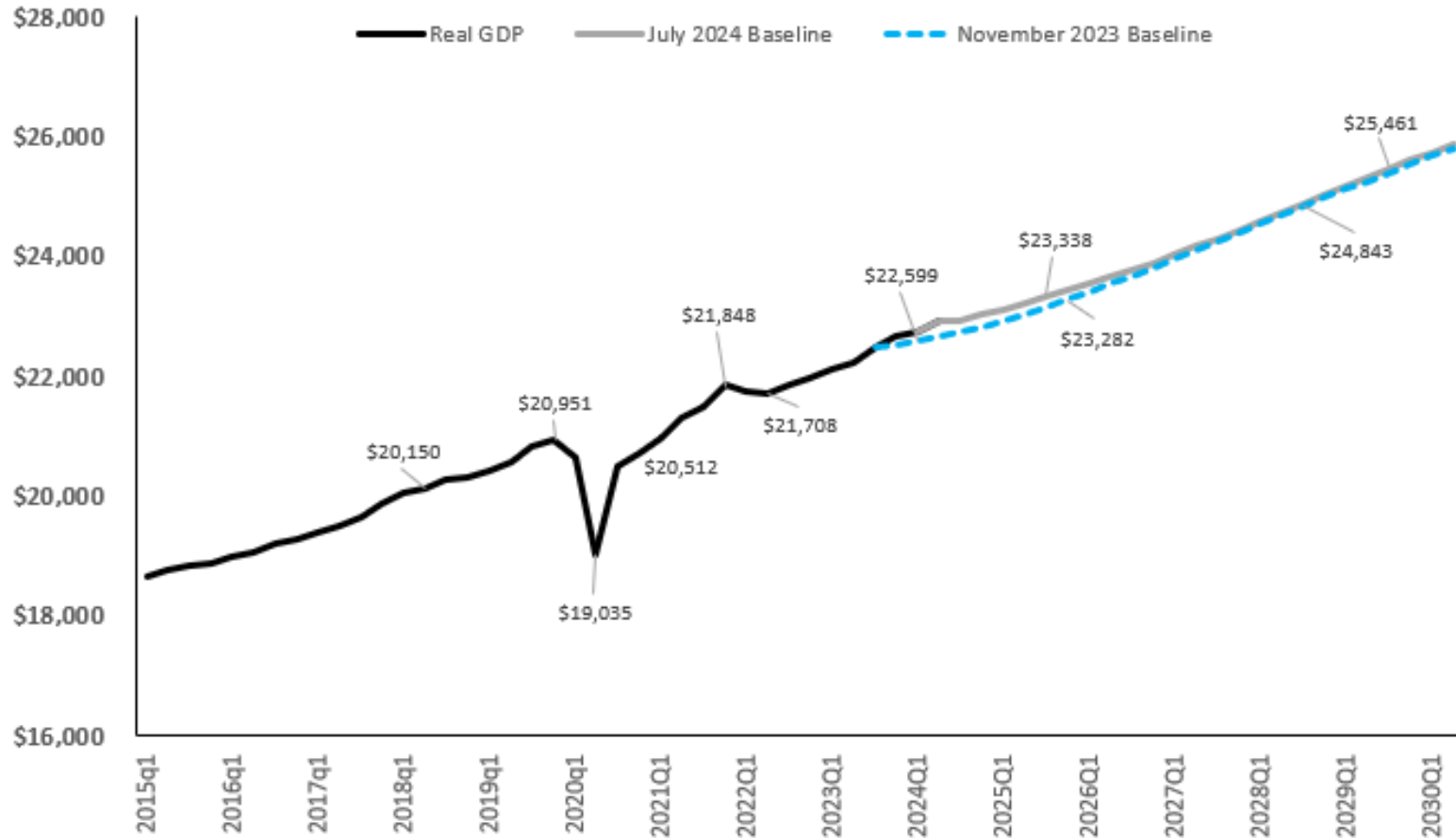
## ➤ **S&P Global (July 2024 forecast)**

- Assumes Federal Reserve first rate cut in December 2024 but see the chance of an earlier rate cut increasing
- After consecutive forecasts predicting slower positive growth, S&P sees indicators of the US economy transitioning to below-trend growth
- National GDP growth outlook for 2024 has improved from 1.6% in October 2023 to 2.4% now. Expectations for GDP growth for 2025 remain at 1.6%.
  - Growth in 2026 through 2028 is below 2.0%, reaching 1.8% in 2028
- Now anticipates 2027 as the year to reach target inflation rate of 2.0%, a year later than previously estimated
- National unemployment rate to peak at 4.8% in 2027

➤ **UNM BBER Quarterly Forecast (July 2024)** does not include a recession in the baseline forecast and has employment growth in FY2024 and FY2025 projected stronger than the December forecast but maintains muted employment growth in the out years

# U.S. Real Gross Domestic Product (RGDP)

**U.S. Real Gross Domestic Product: 2015 Q1 to 2024 Q2 Forecast 2024 Q3-2030Q2**  
(billions of chained 2017 dollars)

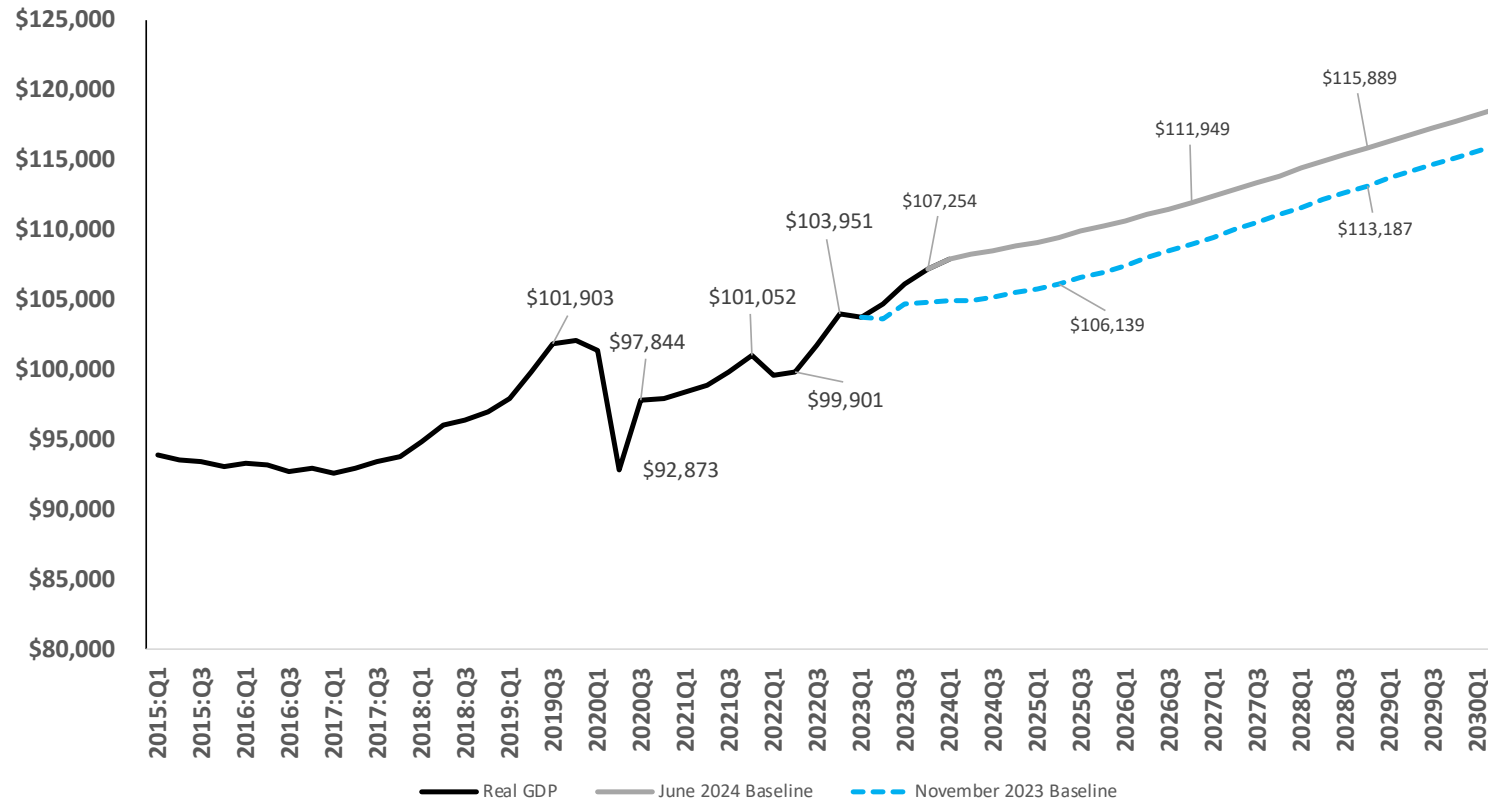


Source: GDP in billions of chained 2017 dollars, retrieved from bea.gov.

- Recent actuals have exceeded the November 2023 baseline estimate for US RGDP
- The RGDP forecast improved slightly over the November 2023 estimate
- RGDP increased by 2.8% in CY 2024 Q2 due to increases in:
  - Consumer spending
  - Private inventory investment
  - Nonresidential fixed investments
- The forecasted growth for RGDP in CY25 is estimated to be 1.7% and 1.9% in CY26

# N.M. Real Gross State Product (RGSP)

**New Mexico Real Gross Domestic Product 2015Q1-2024Q1, Moody's Forecasts 2024Q2-2030 Q2**



➤ New Mexico's recent RGSP actuals have outpaced the November 2023 baseline estimate as well

➤ New Mexico's annualized growth from 2023Q4 to 2024Q1 was 2.6%

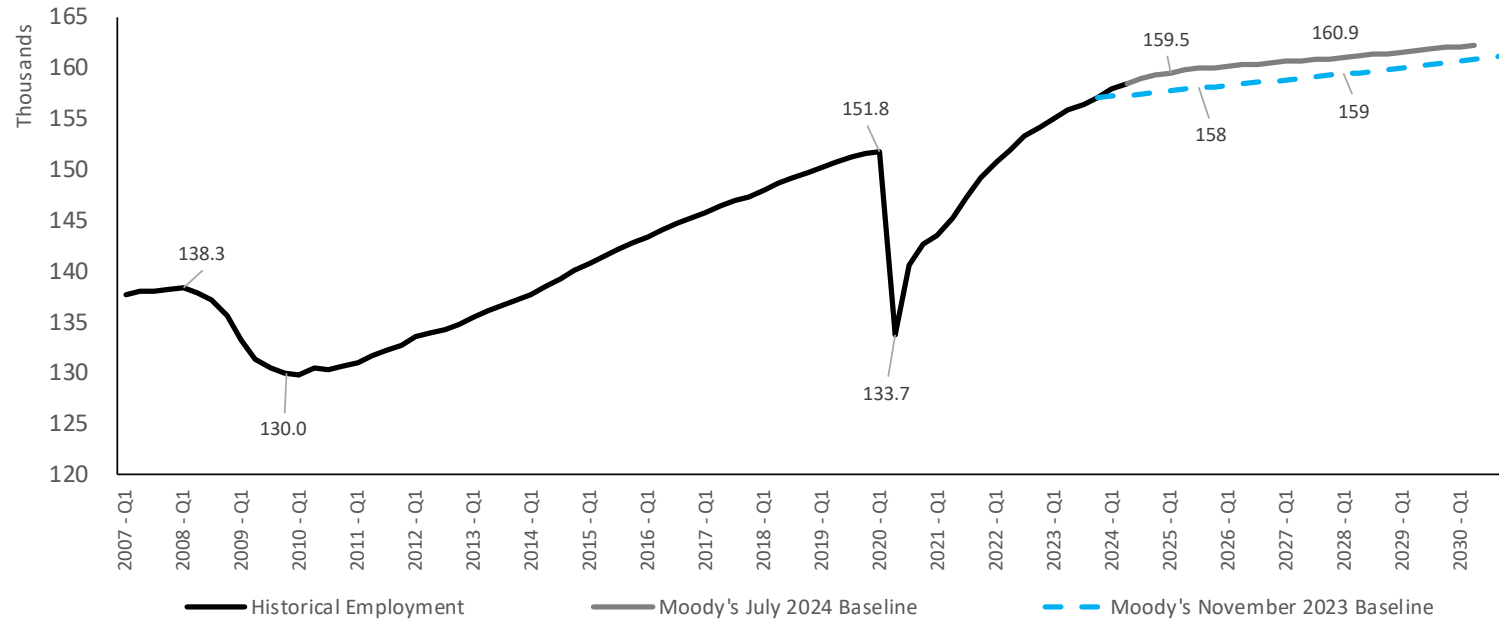
- Leading contributors to the growth were:
  - Construction
  - Mining, quarrying, and oil and gas extraction
  - Retail Trade
  - Manufacturing

➤ The forecasted annualized growth rates for RGSP through CY24 average 1.5%, slightly lower than the national annualized rate of 1.6%

Source: Moody's November 2023 and July 2024 Baseline Scenario vs. Historical Values from the Bureau of Economic Analysis

# U.S. Total Non-Farm Employment

U.S. Total Non-Employment: 2007Q1 to 2024Q1, Moody's Forecast 2024Q2 to 2030Q2  
(1,000s of jobs)

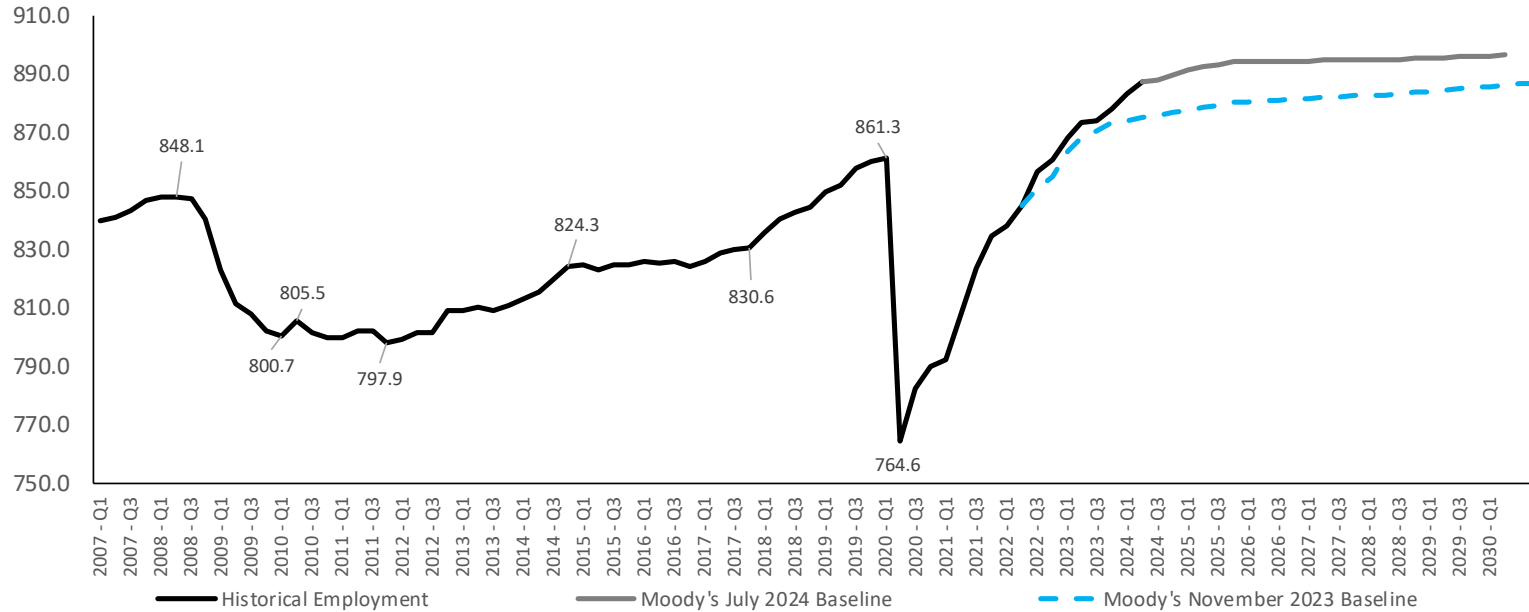


Source: Bureau of Labor Statistics

- Recent actuals have exceeded the November 2023 estimate
  - Total nonfarm employment increased by 114,000 in July 2024, compared to National monthly job growth averages of +203,000 in 2024
- Employment gains occurred primarily in:
  - Health Care
  - Construction
  - Transportation and Warehousing
- The U.S. labor market is showing signs of moderation

# N.M. Total Non-Farm Employment

**N.M.'s Quarterly Total Non-Employment: 2007Q1 to 2024Q1, Moody's Forecast 2024Q2 to 2030Q2**  
**(1,000s of jobs)**

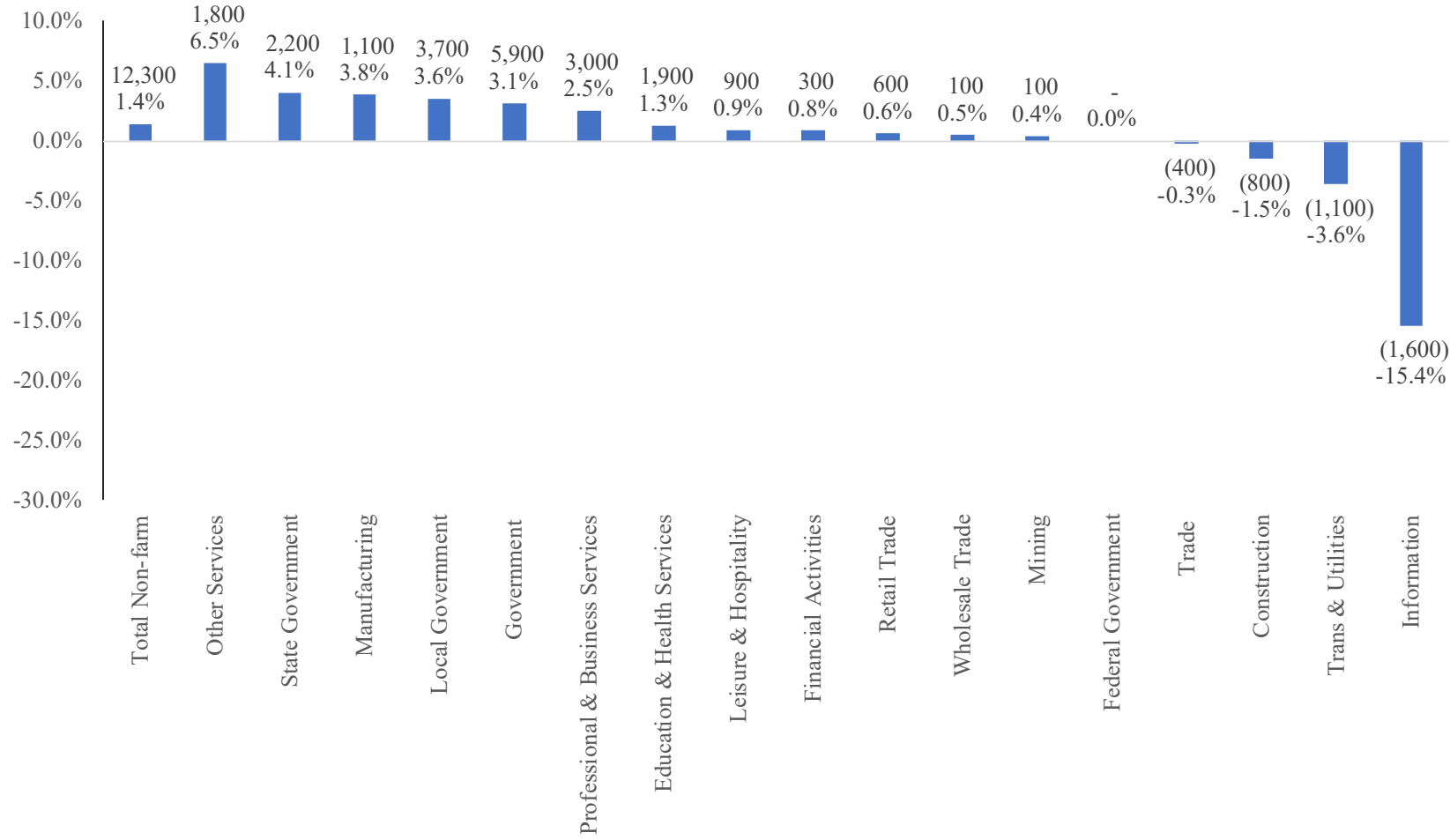


- Forecasted New Mexico employment upward from the previous estimate
- Growth averaged 1,817 jobs per month for CY2023
- Employment grew by 2.74% in CY 2023 with projected growth slowing to 1.6% in CY 2024 and 0.6% in CY 2025 and 0.2% in CY 2026

Source: Bureau of Labor Statistics

# N.M. Year-Over-Year Employment by Sector

Percent Change and Level Change in Non-Farm Employment in N.M. by Sector  
June 2023 to June 2024



➤ New Mexico's employment grew by 1.4% (12,300 jobs) from June 2023 to June 2024

➤ Growth was across most sectors and notable gains were in:

- Other Services (+1,800)
- State Government (+2,200)
- Local Government (+3,700)
- Government (+5,000)
- Professional & Business Services (+3,000)

➤ Losses were in:

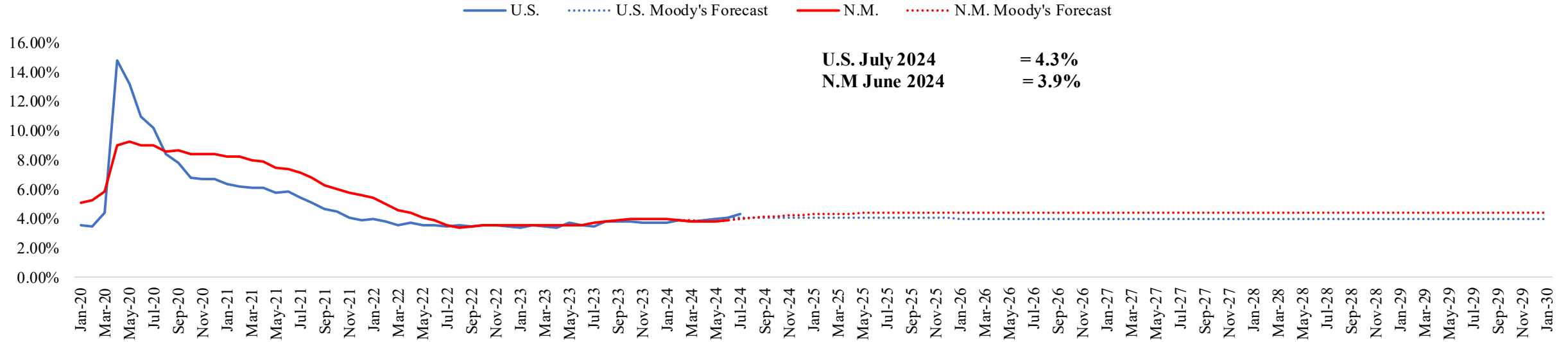
- Trade (-400)
- Construction (-800)
- Information (-1,600)
- Trans & Utilities (-1,100)

Source: bls.gov, CES seasonally adjusted

# U.S. & N.M. Unemployment

U.S. and N.M. Unemployment Rate (percent) : January 2020 to Present

Moody's Forecast: July 2024 to December 2030



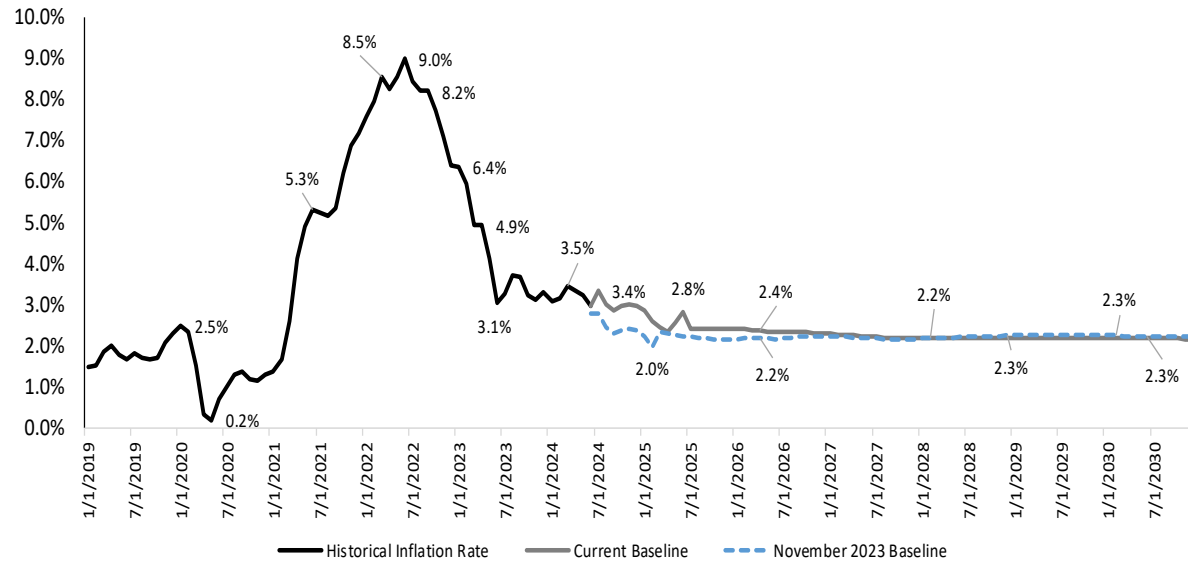
Source: bls.gov, seasonally adjusted

- New Mexico’s unemployment rate (3.9%) was on par with the nation’s unemployment rate in June 2024
- New Mexico’s 2024Q2 unemployment rates by ethnicity were:
  - All: 3.8%      White: 3.1%      Hispanic: 3.7%      Black: 5.6%      Asian American and Pacific Islander: 3.2%
  - American Indian: 9.1% (Census Bureau’s 2022 Estimate for NM)

# Inflation and Interest Rates

Consumer Price Index (CPI-all items) Year-over-year Change

January 2019 to June 2030



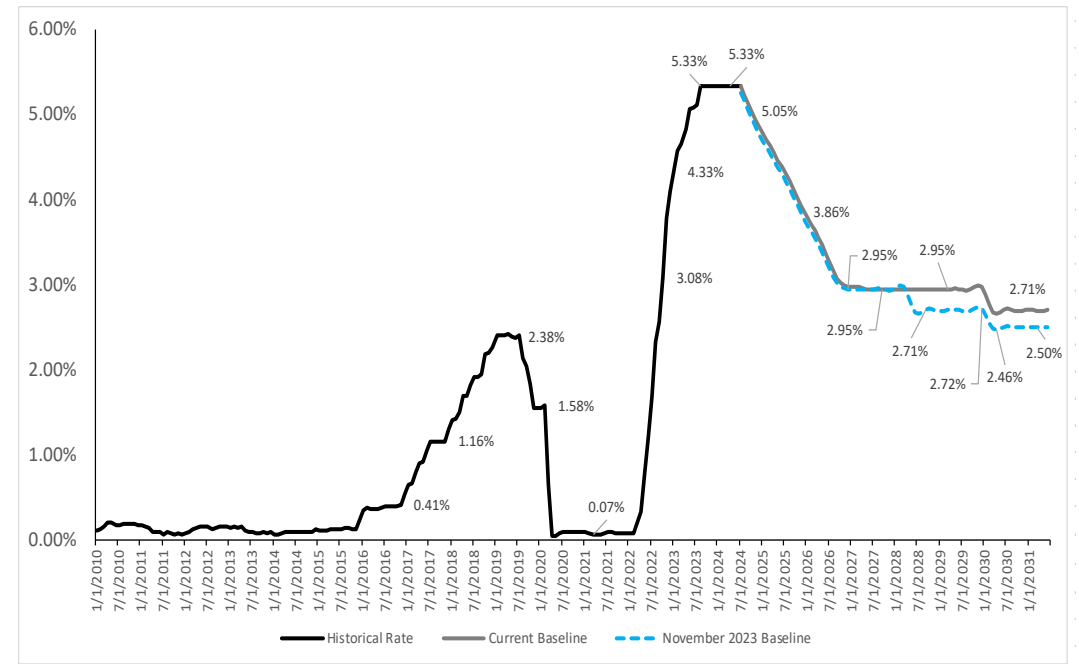
Source: Bureau of Labor Statistics

➤ The Consumer Price Index for all items increased by 2.9% compared to July 2023

- The index for gasoline decreased by 2.2% compared to July 2023
- The index for shelter continued to rise in July 2024 and is 5.1% higher than in July 2023

Federal Funds Rate

January 2010 to January 2031



Source: Bureau of Labor Statistics

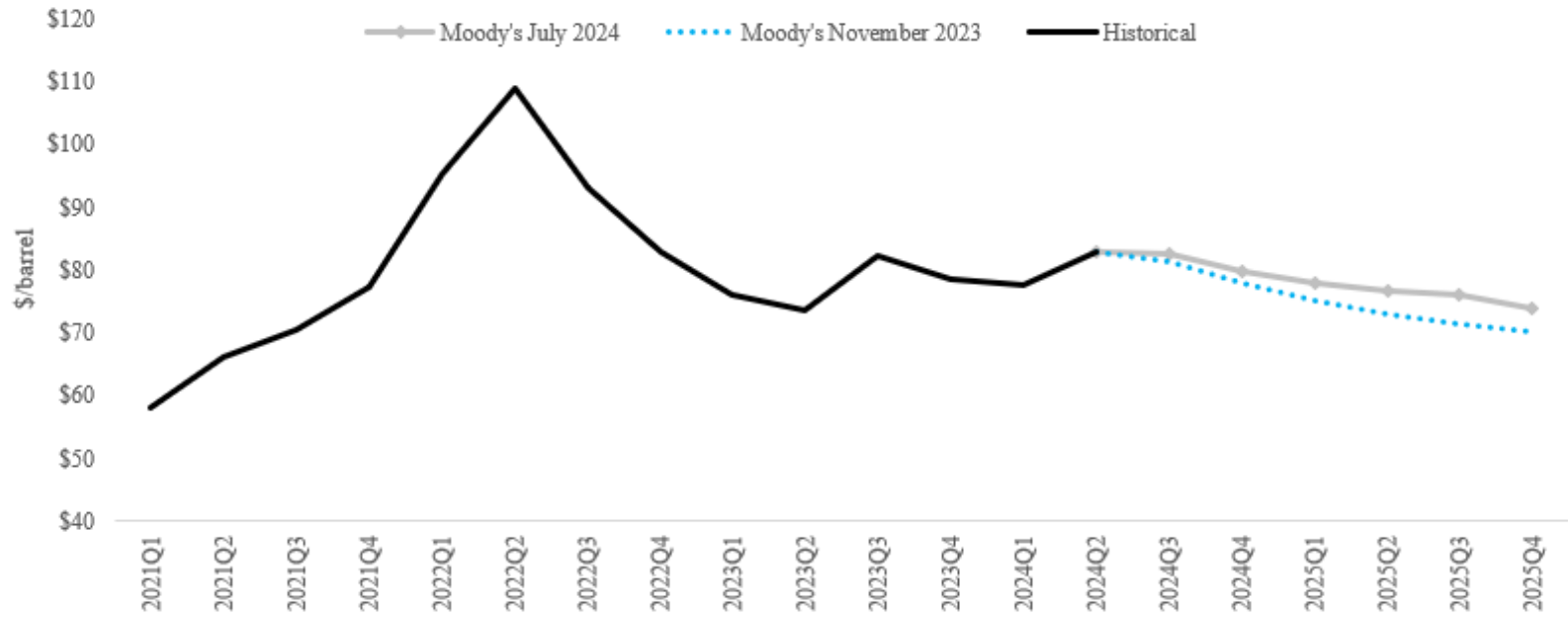
- Moody's anticipates the Fed will cut rates twice in late 2024
- In the latest FOMC meeting, the Federal Reserve telegraphed they will cut rates by 25 basis points in September.

# Oil & Natural Gas

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# Oil Prices

## Moody's Analytics West Texas Intermediate (WTI) Price Forecasts



Source: Moody's Analytics

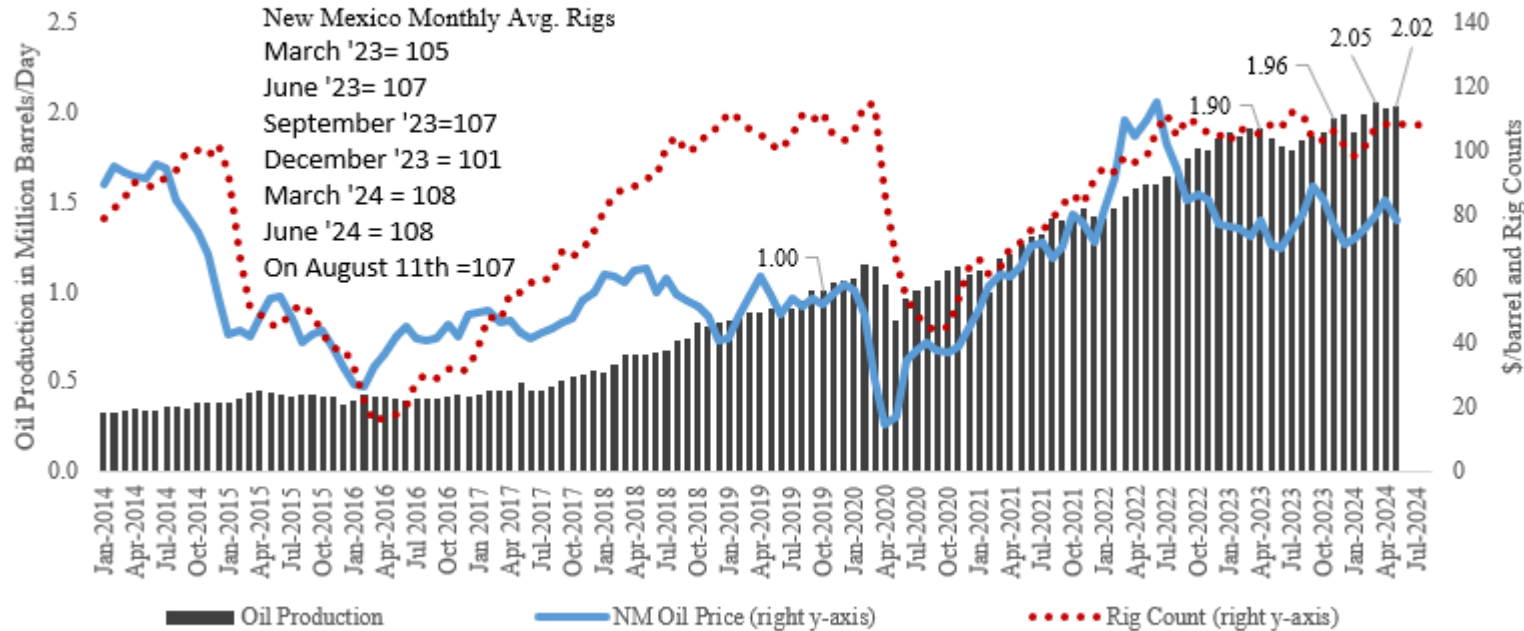
Consensus Forecast	FY24	FY25	FY26	FY27	FY28	FY29
August 2024 Estimate	\$ 78.50	\$ 76.50	\$ 71.50	\$ 69.00	\$ 70.00	\$ 70.50
December 2023 Estimate	\$ 79.50	\$ 75.00	\$ 69.50	\$ 69.00	\$ 69.00	\$ 69.00
Oil (\$/barrel)						

- Oil prices are dependent on oil demand, OPEC+ decisions, inventory levels, etc.
- The oil price forecast is slightly down \$1.00/barrel in FY24, up \$1.50/barrel in FY25, and up \$2.00/barrel in FY26 when compared to December 2023
- Out-year N.M. oil prices are expected to average \$70/barrel
- Contributors to price expectations include:
  - Increased supply of North American oil, centered in the Permian Basin
  - OPEC+ prolonging supply cuts for some while phasing out cuts for others
  - Slowing global economy
  - An uneven Chinese economic recovery reducing demand

# New Mexico Oil Prices, Production, & Rigs

N.M. Oil Production (MMb/d), N.M. Oil Price (\$ per barrel), & N.M. Rig Count (number)

January 2014 to August 2024



Source: Baker Hughes, TRD (Production and price through May 2024, Rigs through August 2024)

Consensus Forecast	FY24	FY25	FY26	FY27	FY28	FY29
August 2024 Estimate	705.0	735.0	790.0	815.0	815.0	825.0
December 2023 Estimate	685.0	710.0	725.0	735.0	745.0	755.0
Oil (million barrels)						

➤ Oil production forecast has increased since the December 2023 forecast

➤ Oil production forecast increased by 20 million barrels for FY24, 15 million in FY25, and 65 million in FY26

➤ New Mexico oil production in FY24 is expected to reach a record high of 705 million barrels (up from 658.4 million barrels in FY23)

➤ Rig count (red line) has mostly remained above 100 rigs since June 2022 – currently at 107

➤ Contributors to production expectations:

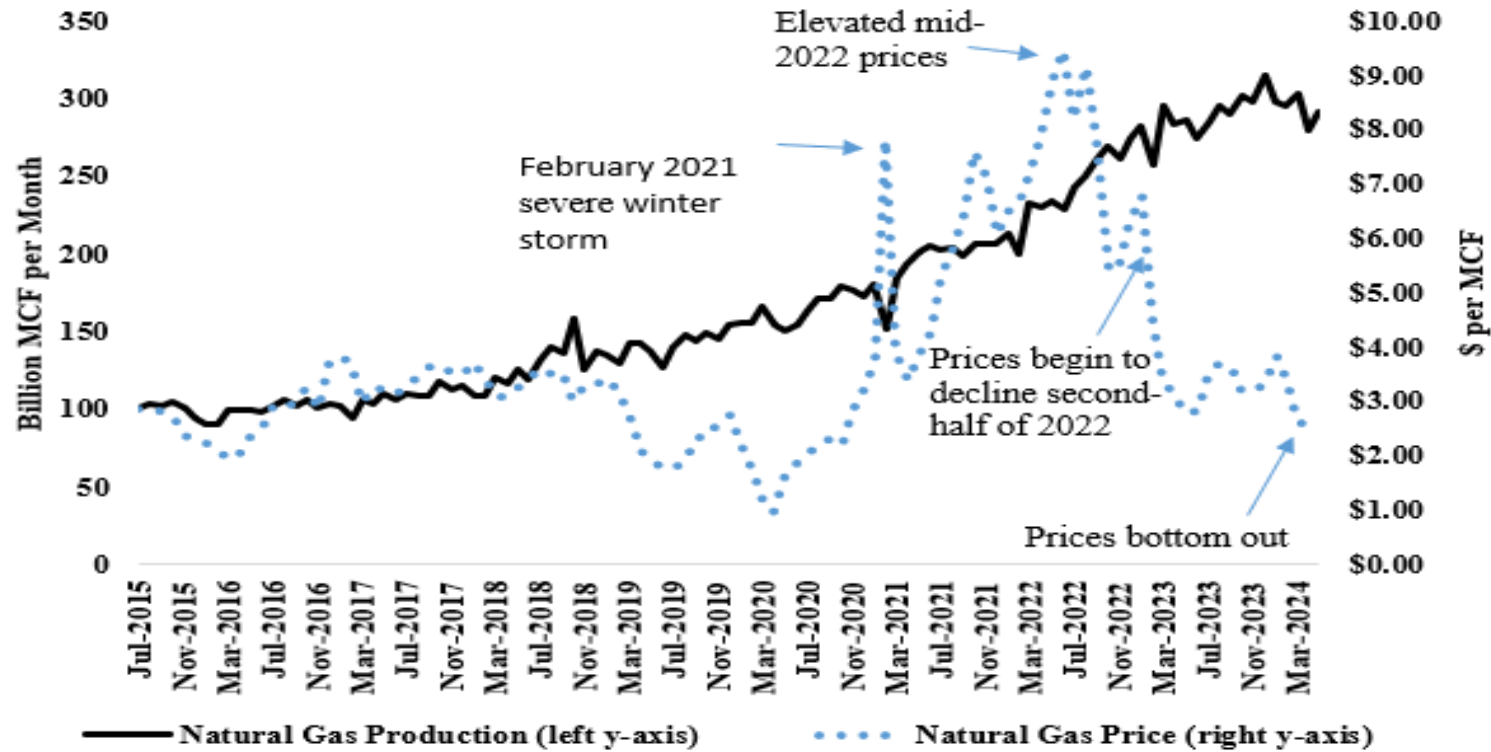
➤ Producers are focused on capital discipline and cash flow plans rather than fast growth

➤ Industry continues a trend of consolidation

➤ This is evidence of a maturing sector with less interest in fast growth but long term production plans

# New Mexico Natural Gas Prices & Production

**New Mexico Natural Gas Prices and Production**  
**July 2015 to May 2024**



- New Mexico natural gas production (black line) is estimated to increase to a high of 3,540 bcf for FY24 with an average price of \$3.20/mcf (blue line)
- Natural gas production is expected to follow oil production higher
- Prices are expected to moderate in the near term due to continued supply growth
- In out years, natural gas prices are expected to gradually increase due to increased demand for U.S. natural gas abroad

**Source: NM TRD GenTax System**

Consensus Forecast	FY24	FY25	FY26	FY27	FY28	FY29
August 2024 Estimate	\$ 3.20	\$ 3.57	\$ 4.20	\$ 4.36	\$ 4.39	\$ 4.46
December 2023 Estimate	\$ 3.45	\$ 3.80	\$ 4.10	\$ 3.95	\$ 4.00	\$ 4.05
Natural Gas (\$/mcf)						

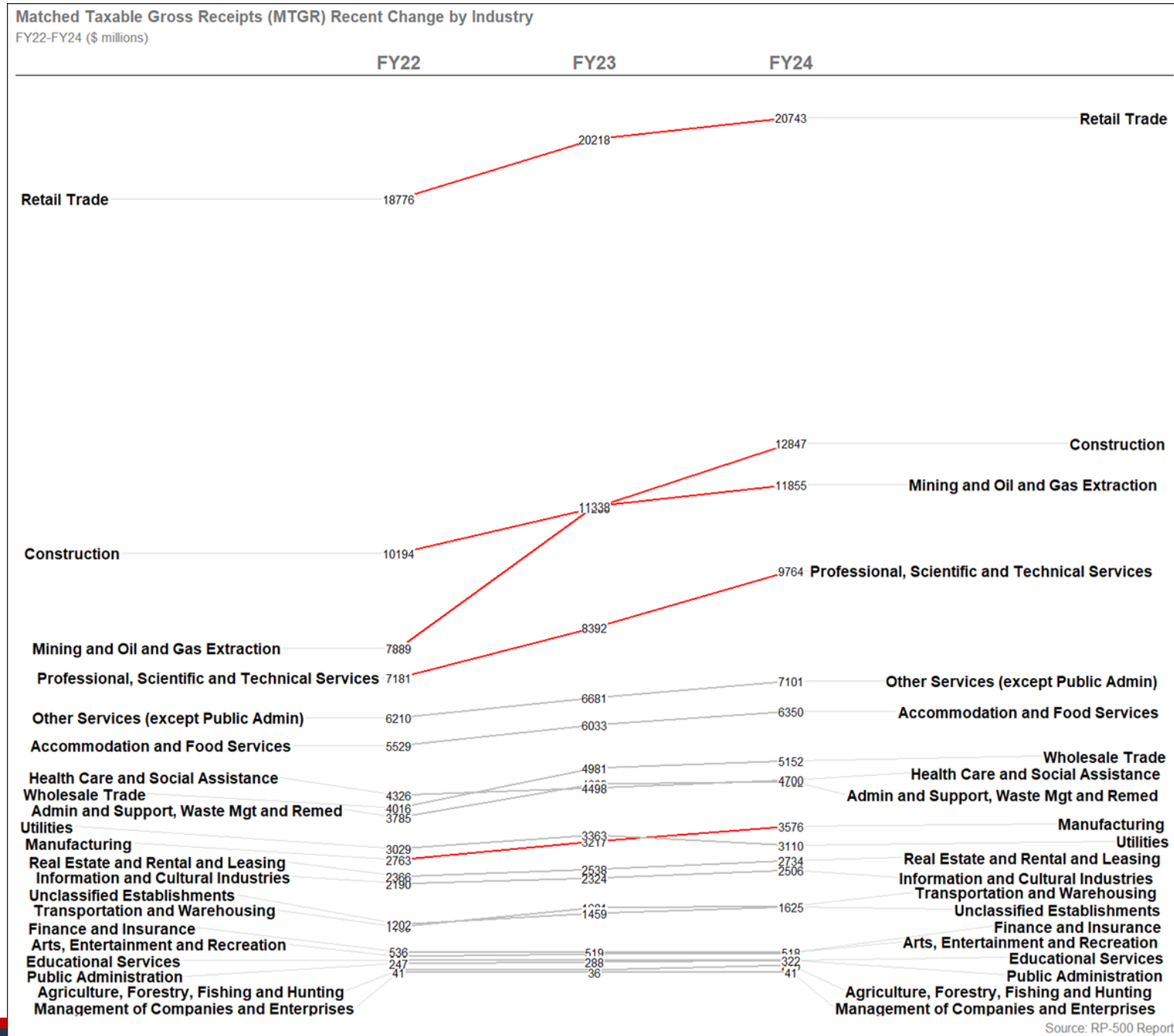
Consensus Forecast	FY24	FY25	FY26	FY27	FY28	FY29
August 2024 Estimate	3,540.0	3,685.0	3,825.0	3,940.0	3,975.0	4,000.0
December 2023 Estimate	3,275.0	3,320.0	3,340.0	3,345.0	3,350.0	3,355.0
Natural Gas (BCF)						

# Gross Receipts Tax

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# Tax Base by Industry

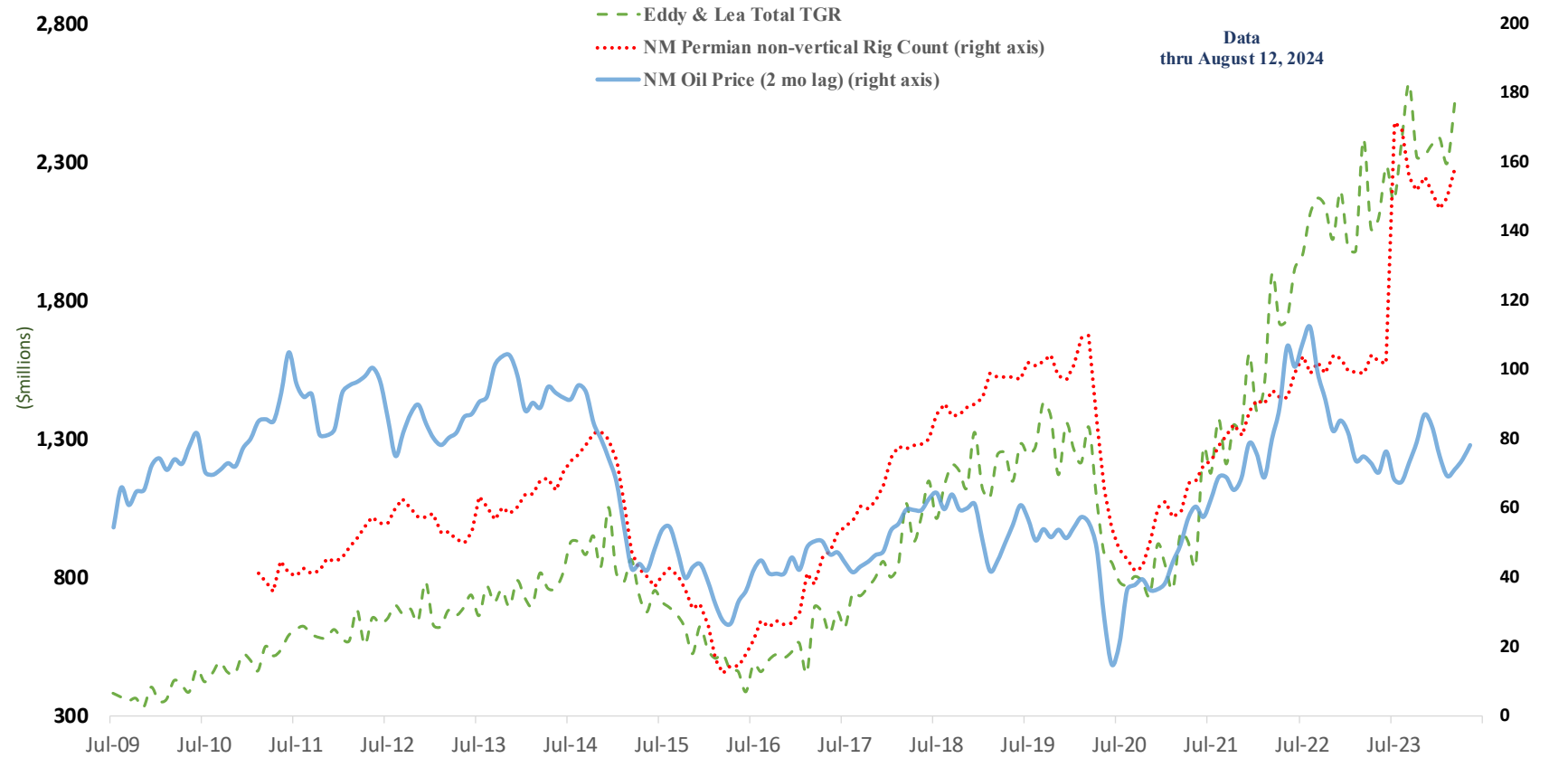
- Positive growth in most sectors since FY22, although moderating
- In FY24, oil and gas extraction GRT base grew by 5%, down from 44% growth in FY23
- Retail trade is growing thanks to solid consumer spending
- Construction and Professional, Scientific and Technical Services are among the most dynamic sectors
- Manufacturing showed robust 11% growth in FY24



Source: RP-500 Report

# MTGR Eddy & Lea Counties

Total Monthly Taxable Gross Receipts in Eddy and Lea Counties Compared to NM Oil Price and Permian Horizontal and Directional Rig Count

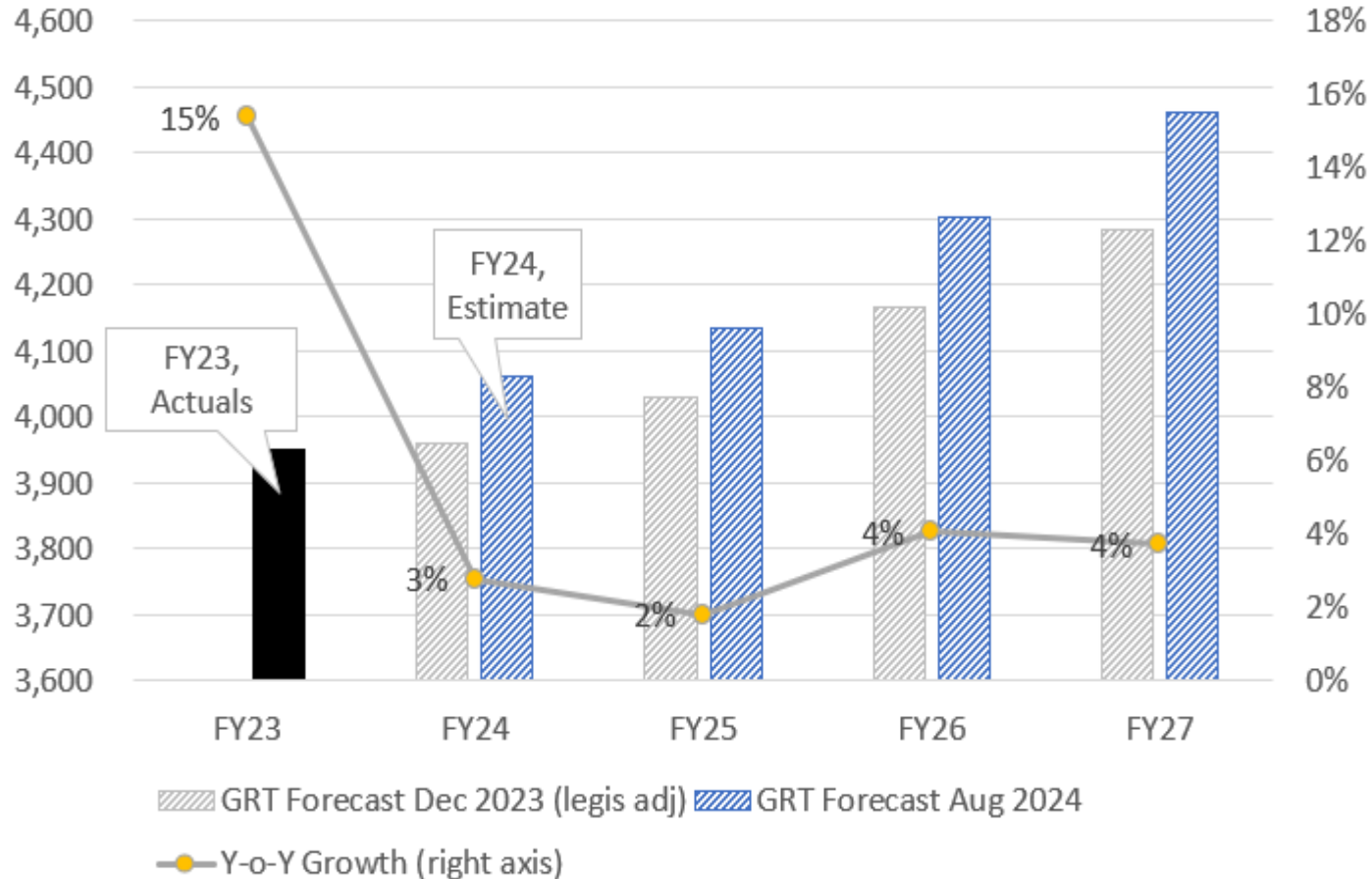


Source: NM TRD RP-500

- Rig counts are a leading indicator for GRT in Eddy and Lea counties
- There is a strong relationship between oil price, production, rig activity, and MTGR
- Generally, price increases lead to increases in rig counts, which leads to higher GRT

# Gross Receipts Tax Outlook

Net Gross Receipts Tax (GRT) Revenue (\$ Millions)



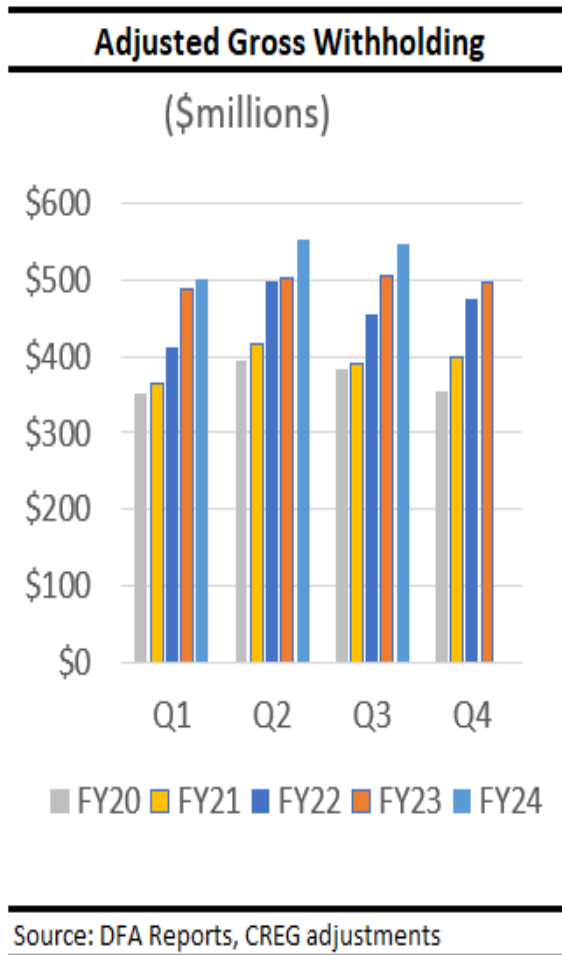
- GRT estimate for FY24 increased \$101 million over December 2023 forecast
  - Mainly due to a stronger FY24Q4 than expected
- FY25 GRT forecast increased \$104 million compared to the previous estimate due to strong economic activity across all sectors at the onset of FY25
  - Recent legislative changes have reduced growth by 2%
- FY26 and FY27 are up versus the previous estimate by \$135 million and \$179 million
- Underlying economic growth is still positive with the oil & natural gas industry leading the near-term growth rates

Source: Aug 2024 CREG Estimates

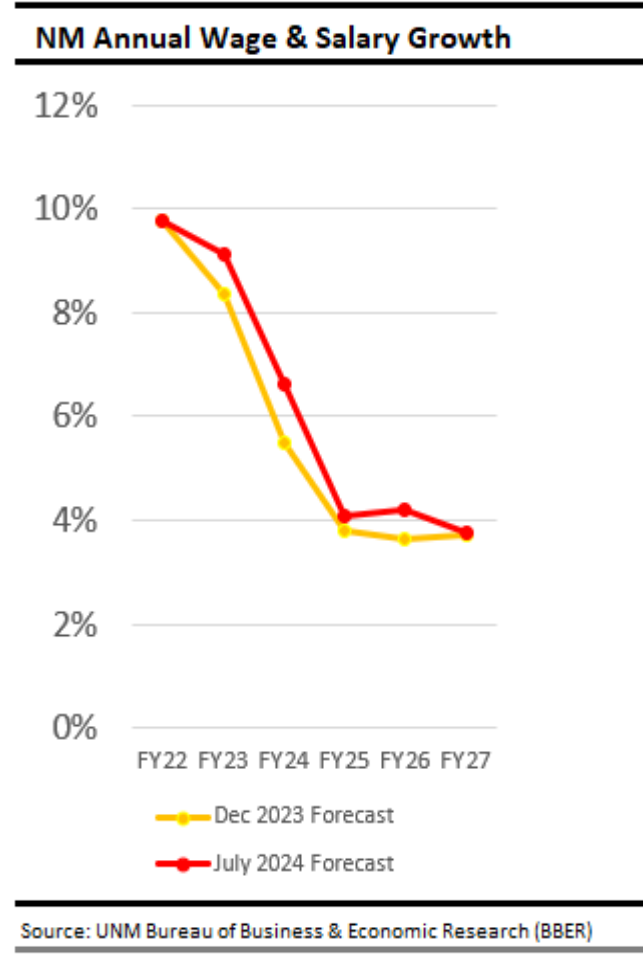
# Personal Income Tax

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# Wage & Salary Outlook



Graph 1

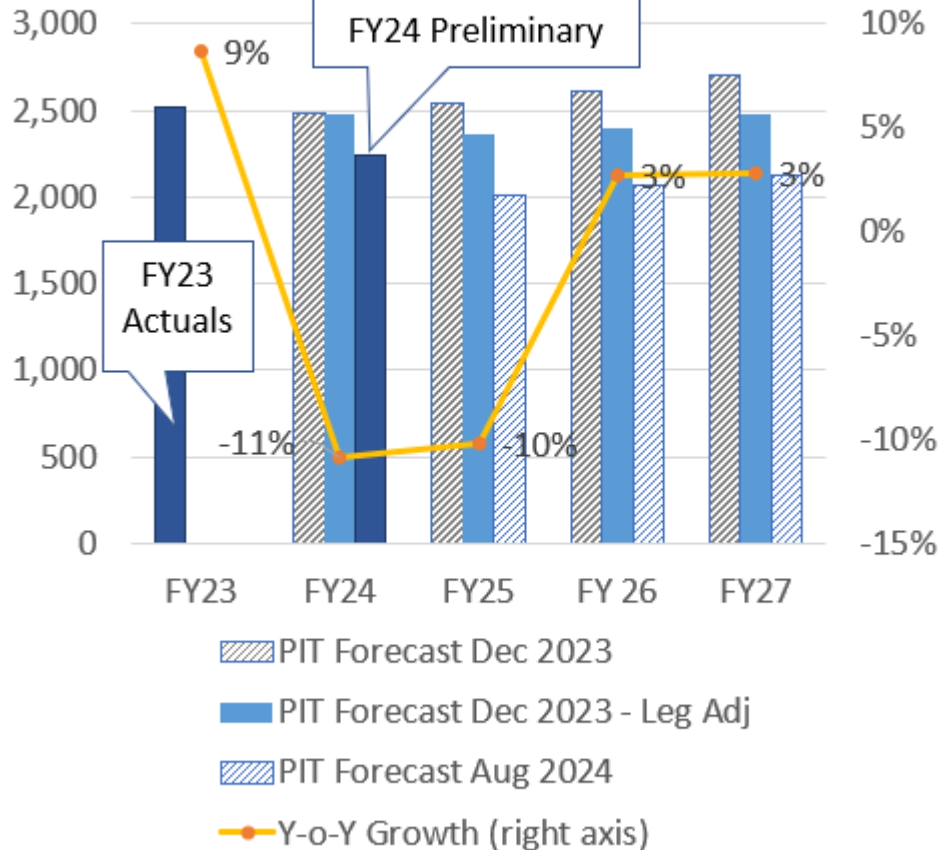


Graph 2

- FY24 withholding continues strong growth over FY23 (Graph 1)
- FY25 and FY26 UNM Wage & Salary forecast shows slowing of wage & salary growth to around 4% with a slight revision up from previous forecast

# Personal Income Tax (PIT) Outlook

Personal Income Tax Revenue  
(\$ Millions)



Source: Aug 2024 CREG Estimates

## FY24:

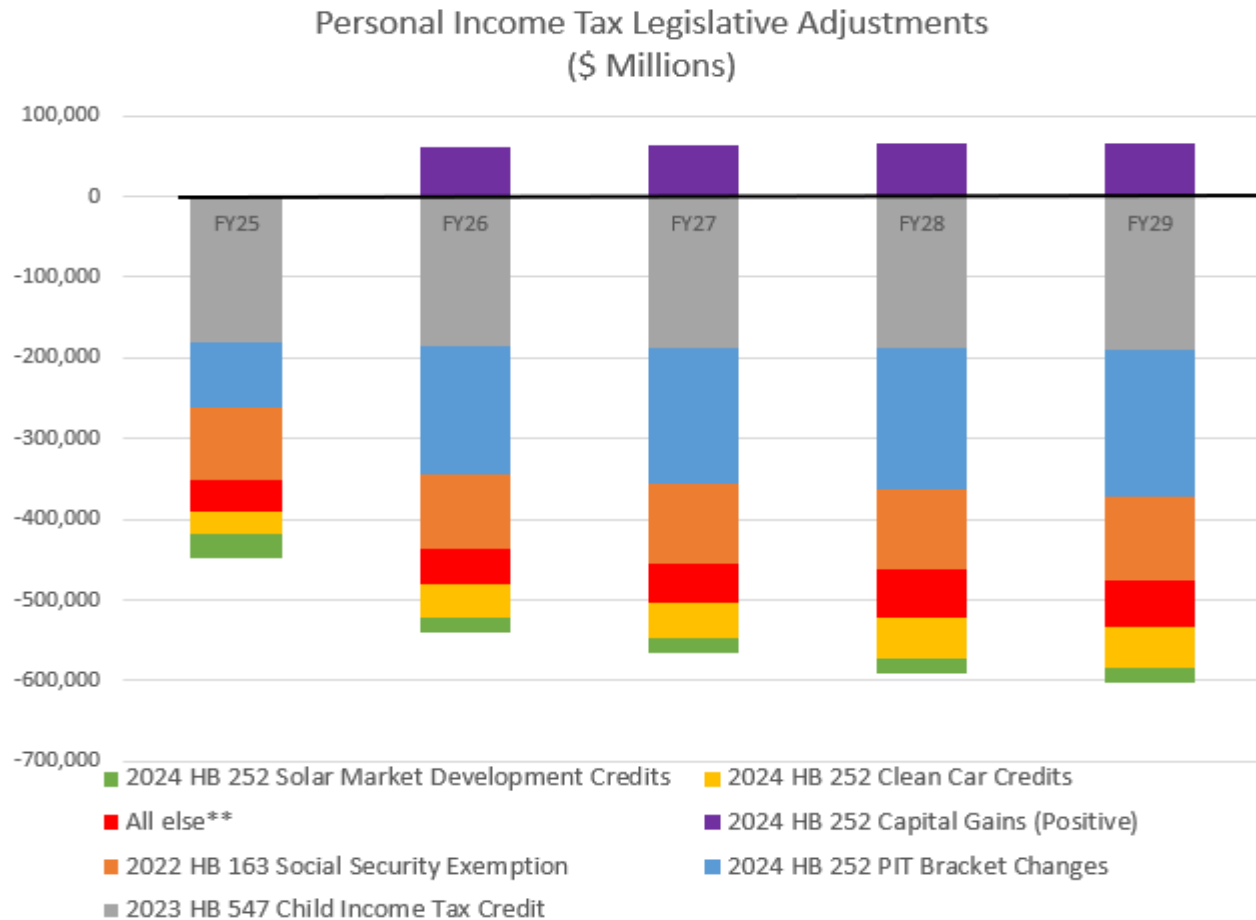
- In FY24, about \$190 million of pass-through entity (PTE) tax was moved from PIT to CIT, causing FY24 PIT to fall and CIT to increase
- 2022 legislation created a new entity-level tax that pass-through entities may elect to pay in lieu of PIT or CIT
- PIT revenue is estimated to be 11% below FY23
- PIT is estimated to have decreased by 3.3% if PTE change did not occur (driven by an increase in refunds)

## FY25 thru FY27:

- PIT forecast decreased from previous December forecast by \$351 million in FY25, \$333 million in FY26 and \$348 million in FY27
  - FY25 year-over year growth heavily impacted by PTE accounting change
- FY25 to decline 10% due to PTE changes, increase in refunds through legislative adjustments
- FY26 and FY27 PIT growth tracks at below the rate of UNM forecasted wage & salary growth (4%), at 2.8% and 3.0% respectively
  - PIT is forecasted to grow year-over-year, but at a slightly slower rate than Dec 2023 forecast

# PIT Legislative Adjustments

- Child Income Tax Credit accounts for approximately 37% of total adjustments
- PIT bracket changes account for approximately 35% of total adjustments
- Social Security Exemption account for approximately 20% of total adjustments
- Narrowing the capital gains deduction partially offsets PIT reductions



Source: Aug 2024 CREG Estimates

\*\* Includes HB 163 - Military Pension Exemption, New Solar Market Tax Credit; and HB 252 - Armed Services Retirement Pay Exemption, Rural Healthcare Practitioner Credit, Fire Recovery Credit, Geothermal Heat Pump Credit, Geothermal Electricity Generation Credit, Angel Investment Credit, Special Needs Adopted Child Credit, and Teacher-Purchased Supplies Deduction.

# Corporate Income Tax

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# Pass-through entity (PTE) tax

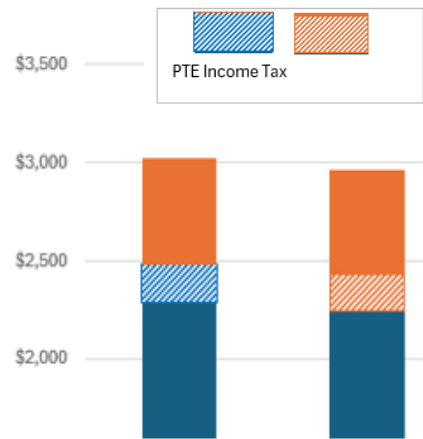
FY24 Income Tax Forecasts - Dec 2023 to Aug 2024



Source: CREG estimates

Graph 1

Shift of Pass-through from PIT to CIT



Source: CREG estimates and calculations

Graph 2

➤ For FY24, Gross CIT is \$180 million higher than the previous estimate (Graph 1)

➤ Part of this change is associated with PTE withholding and entity-level tax paid shifting between PIT and CIT – an estimated \$190 million (Graph 2).

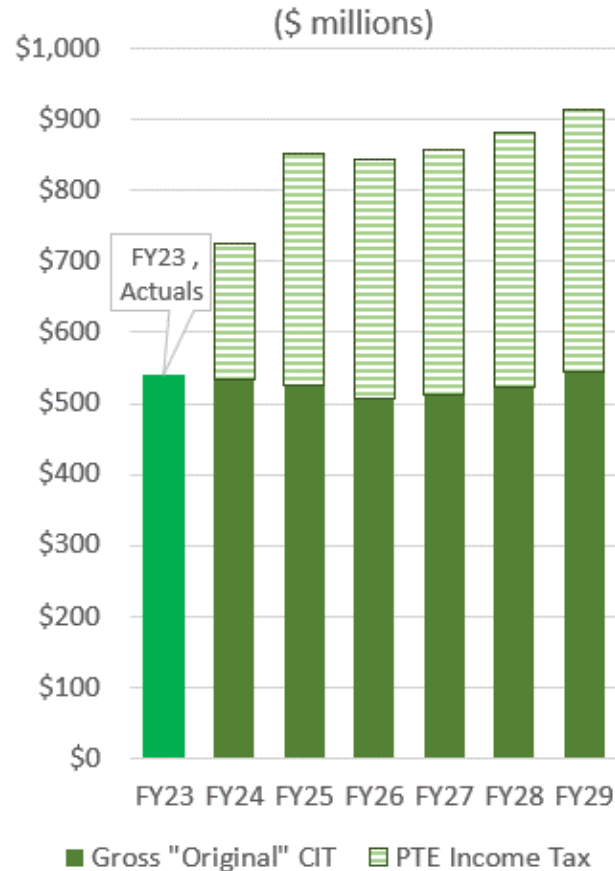
➤ The closer alignment of pass-through entities filings with the CIT program produced a shift in the recognition of that revenue to CIT

➤ This shift occurred with 2023 tax year filings – half-way through FY24

➤ In FY25 and forward, this revenue will be fully recognized in CIT

# CIT Outlook

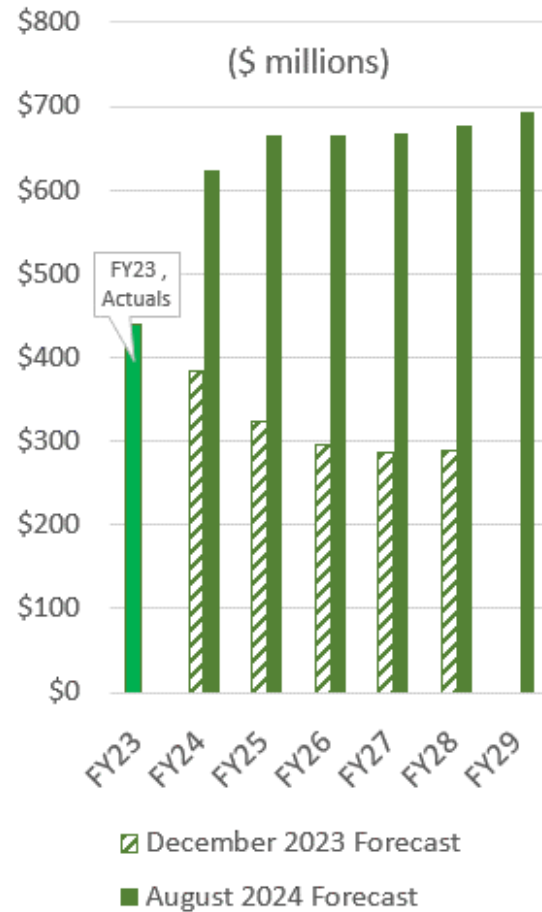
Gross CIT - August 2024 Forecast



Source: CREG estimates and calculations

Graph 1

Net CIT - August 2024 Forecast



Source: CREG December 2023 and August 2024

Graph 2

➤ With PTE income tax – Gross CIT now expected to reach over \$800 million in FY25 & FY26 (Graph 1)

➤ Film credit forecast revised downward by about \$50 million per year, increasing net CIT estimate

➤ Legislative adjustments include new CIT credits and a single 5.9% tax bracket  
 ➤ Net average impact of \$21 million per year

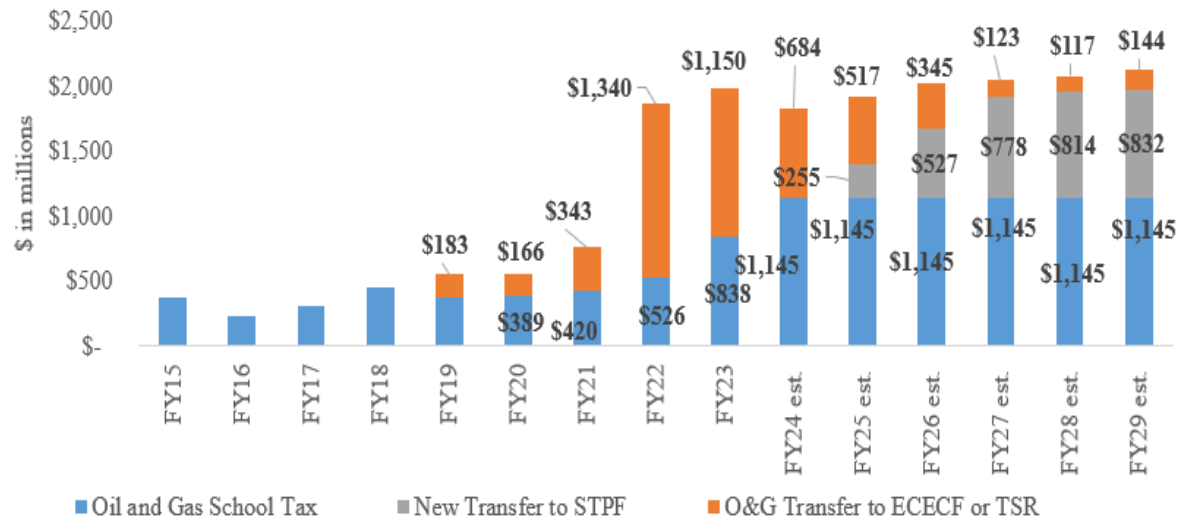
➤ Net CIT forecast to reach \$665 million in FY25 & FY26 with steady PTE revenue (Graph 2)

# Severance Taxes & Rents & Royalties

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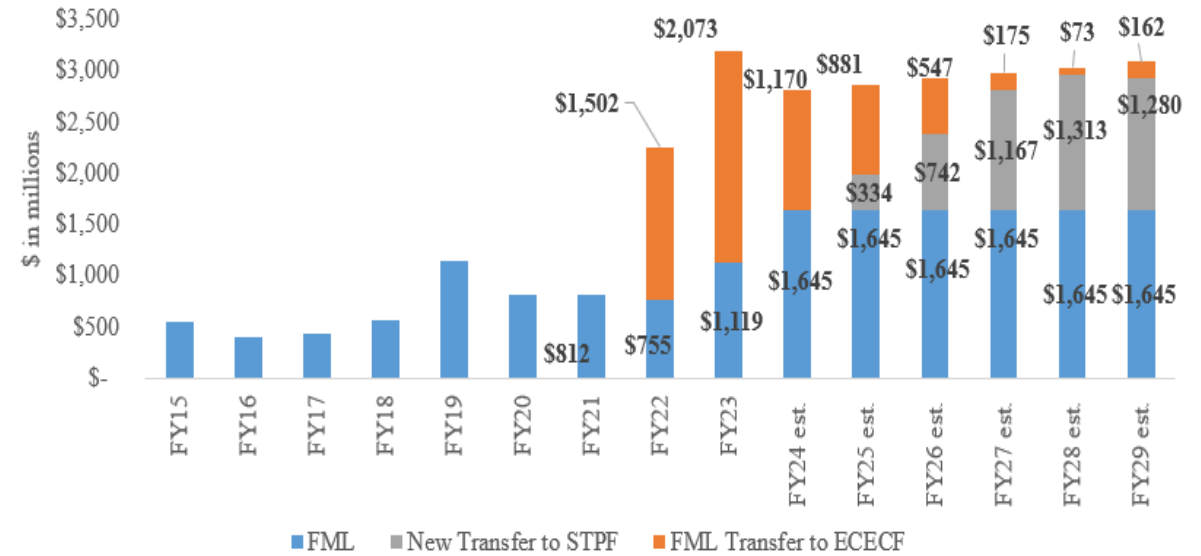
# Severance Taxes & Rents and Royalties

Oil and Gas School Tax Revenues From FY15 to FY29



Source: DFA, CREG, Author's calculation, Early Childhood Education and Care Fund or Tax Stabilization Reserve (TSR)

Federal Mineral Leasing from FY15 to FY29



Source: DFA, CREG, Author's calculation, Early Childhood Education and Care Fund

- Severance tax and rents and royalties revenues to the general fund are capped at FY24 level (\$1.145 billion)
  - General fund is insulated from the August 2024 oil and gas forecast updates; those changes instead impact transfers to the ECECF
  - Oil and gas school tax estimated transfers to the Early Childhood Education and Care Fund (ECECF) are \$684 million in FY24, \$517 million in FY25, and \$345 million in FY26
- FML estimated transfers to ECECF are \$1.17 billion in FY24, \$881 million in FY25, and \$547 million in FY26
- FML and oil and gas school tax estimated transfers to the Severance Tax Permanent Fund (STPF) are estimated to begin FY25
  - Transfers to the STPF are expected to increase substantially during the forecast period

# General Fund Overview

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# N.M. Consensus Revenue Summary

**Table 1**  
**August 2024 Consensus General Fund Forecast**  
**(in millions of dollars)**

	FY24		FY25		FY26		FY27	
	\$ Millions	% Change	\$ Millions	% Change	\$ Millions	% Change	\$ Millions	% Change
General Sales	\$ 4,145	2.5%	\$ 4,229	2.0%	\$ 4,400	4.0%	\$ 4,563	3.7%
Selective Sales	\$ 734	-4.0%	\$ 825	12.5%	\$ 818	-0.8%	\$ 840	2.6%
Income Taxes	\$ 2,865	-3.0%	\$ 2,678	-6.5%	\$ 2,733	2.0%	\$ 2,794	2.3%
O&G Revenue	\$ 3,074	40.4%	\$ 3,004	-2.3%	\$ 3,011	0.2%	\$ 3,013	0.1%
Investment Income	\$ 1,883	40.7%	\$ 1,988	5.6%	\$ 2,125	6.9%	\$ 2,300	8.2%
Other	\$ 337	12.6%	\$ 292	-13.3%	\$ 295	0.8%	\$ 297	0.9%
Total Recurring Revenue	\$ 13,036	12.5%	\$ 13,017	-0.2%	\$ 13,382	2.8%	\$ 13,808	3.2%
Total Nonrecurring	\$ (14)	-98.0%						
Grand Total Revenue	\$ 13,022	19.6%	\$ 13,017	0.0%	\$ 13,382	2.8%	\$ 13,808	3.2%

➤ In FY24:

- General sales are estimated to increase by 2.5%.
- Income taxes are estimated to decline by 3%
  - Legislative adjustments impact both general sales and income taxes
  - Oil and gas revenue is estimated to increase by 40.4%
- Investment income is estimated to increase by 40.7%

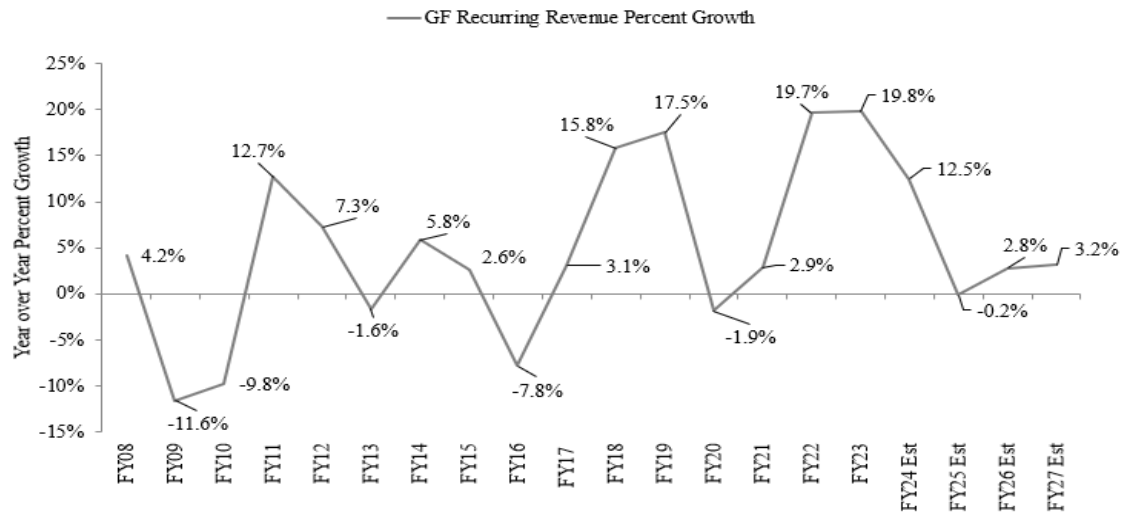
➤ In FY25:

- General sales are estimated to increase slightly by 2%.
- Income taxes are estimated to decline by 6.5%
  - Both general sales and income taxes are impacted by:
    - legislative adjustments
    - moderation in underlying economic variables
  - Oil and gas revenue is estimated to decline slightly by 2.3%
  - Investment income is estimated to increase by 5.6%

➤ FY26 to FY27 updates:

- General sales return to moderate growth
- Income taxes return to moderate growth in FY26, FY27, and beyond
- Investment income is becoming a greater contributor to growth in the general fund
- Severance and FML capped at FY24 levels

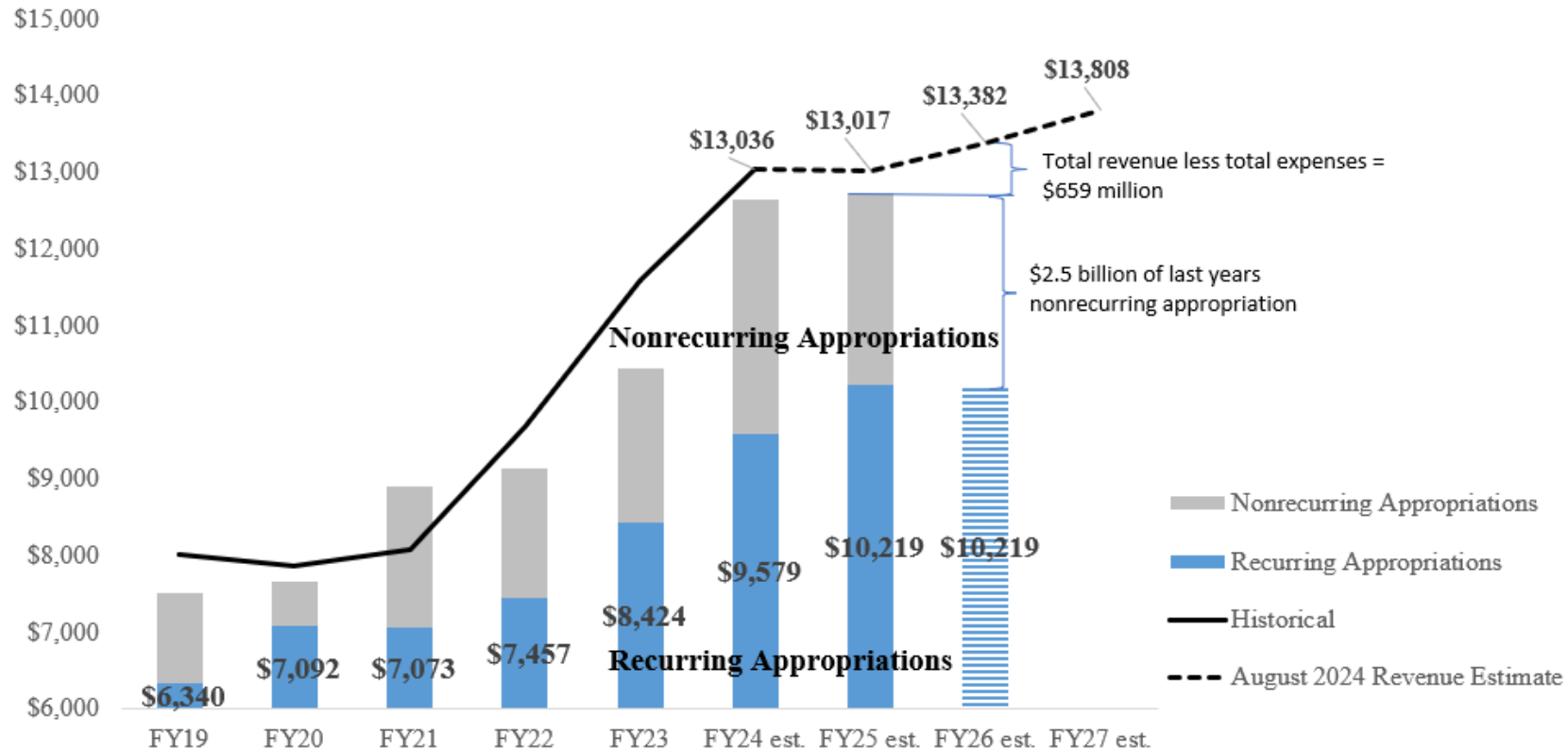
**General Fund Total Recurring Revenue**



Source: DFA, CREG

# Total New Money

## Total New Money



Source: DFA, CREG, (in millions)

➤ In FY26:

➤ Total estimated revenue for FY26 less total appropriations in FY25 equals “Total New Money of \$659.6 million”

# General Fund Overview

## FY24

- FY2024 GF Recurring Revenue is estimated to increase by 12.5% over FY2023
- FY2024 GF Reserves are estimated at \$3.04 billion or 31.7% of recurring appropriations

## FY25

- FY2025 GF Recurring Revenue is estimated to decrease slightly by 0.2% vs. FY2024
- FY2025 GF Reserves are estimated at \$3.55 billion or 34.8% of recurring appropriations\*

## FY26

- “Total New Money” for FY2026 is forecasted to be \$659.6 million

\* Pending 2025 legislative appropriations

# General Fund Financial Summary (\$ in millions)

	<b>FY2024 Est.</b>	<b>FY2025 Est.</b>	<b>FY2026 Est.</b>
Beginning Balance (General Fund Reserves)	\$3,988.2	\$3,035.0	\$3,553.7
Total Revenue (Recurring Revenue)	\$13,036.3	\$13,016.6	\$13,381.7
Spending (Recurring Appropriations)	(\$9,578.9)	(\$10,219.5)	
Spending (Nonrecurring Appropriations)	(\$3,070.6)	(\$2,502.6)	
Total Appropriations	(\$12,649.5)	(\$12,722.1)	
Reserve Transfers, etc.	(\$56.3)	\$294.5	
Ending Balance (General Fund Reserves)	\$3,035.0	\$3,553.7	
General Fund Reserves as a Percent of Recurring Appropriations	31.7%	34.8%*	

\* Pending 2025 legislative appropriations

# Risks to the Forecast

## ➤ Downside

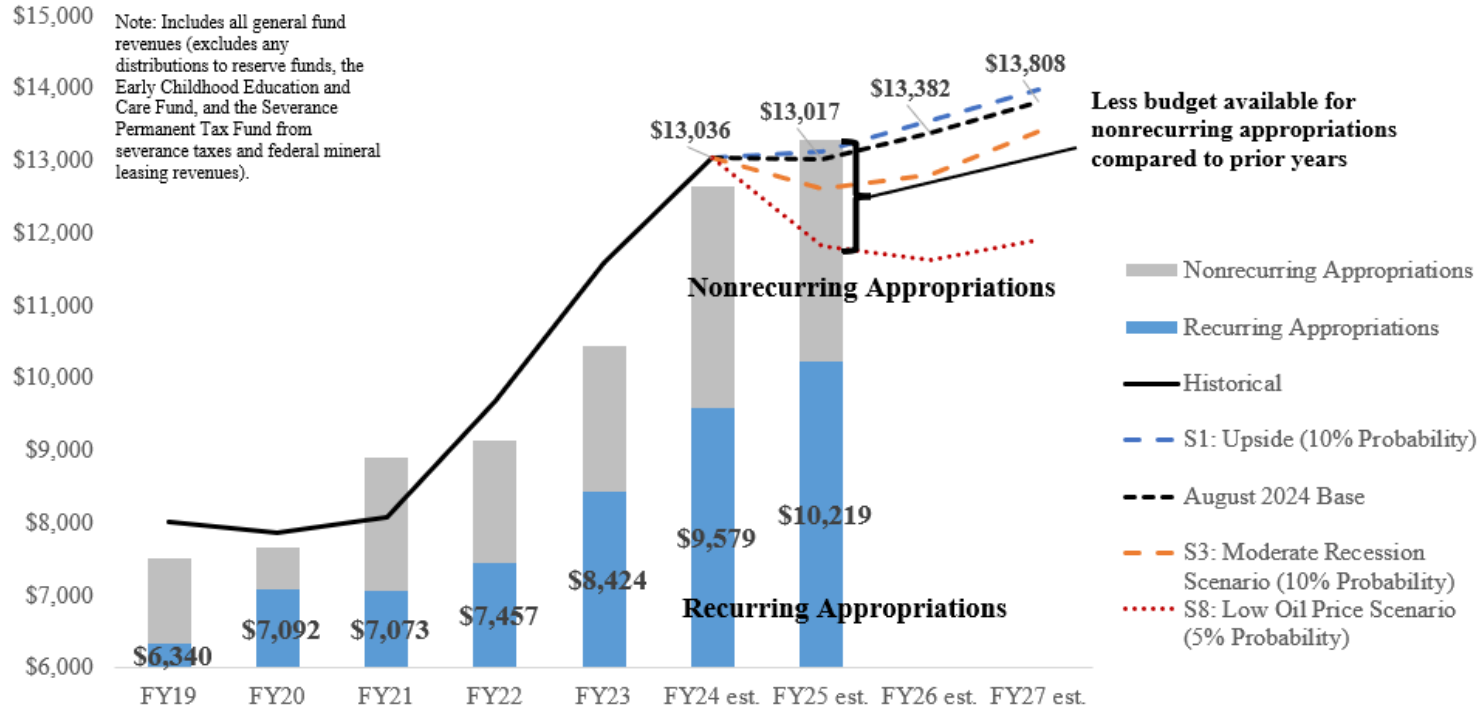
- If inflation remains high and the labor market continues to experience robust growth resulting in the Federal Reserve delaying any potential rate cuts or considering holding rates steady or increasing rates
  - This could cause confidence and credit-sensitive spending to fall sharply, and the economy could fall into recession
  - Error in a policy correction and tip country into recession
- With hiring now weakening, a return to pre-pandemic levels of layoffs would likely result in job losses, undermining consumer spending and growth
- A recession occurs
  - Employment losses and the unemployment rate increases
  - Gross domestic product contracts
  - Decrease in consumption
  - Tightening credit markets
- Oil price and supply shocks from:
  - Expansion of war in Middle East
  - Expansion of The Ukraine-Russian conflict and sanctions
  - OPEC+ supply changes
  - China's economic recovery
- Oil price volatility from unknown market shocks
- Oil supply shocks from unknown market shocks

## ➤ Upside

- The Federal Reserve cut rates in September and December
  - Reducing the cost of borrowing money
- The labor market continues to moderate while inflation comes down to target
- The economy has more than full employment starting in the fourth quarter of 2024, with unemployment declining below the baseline.
- Wage growth outpaces inflation
- Large savings amounts and higher wage growth continue to propel consumer spending
- OPEC+ actions to cut production could potentially stabilize/increase oil prices
- The Federal Reserve achieves a “soft landing”
- The Russian invasion of Ukraine and the Hamas-Israel conflict resolve faster than anticipated.
- The acceleration of China's economy boosts demand for U.S. exports
- Oil and natural gas producers exceed production expectations

# Stress Test

## Revenue Sensitivity Analysis



Source: DFA, CREG, Moody's Analytics, S&P, UNM Bureau of Business & Economic Research, (in millions)

- The stress test illustrates how far revenues could fall under a moderate recession scenario and a low oil price scenario
- Under the low oil price scenario, the recurring revenue of the general fund could decrease by \$1.2 billion in FY25, \$1.7 billion in FY26, and \$1.9 billion in FY27 as compared to the baseline.
- New Mexico's revenue sensitivity to an energy downturn and a national recession event highlights the need for the state to maintain healthy reserve levels

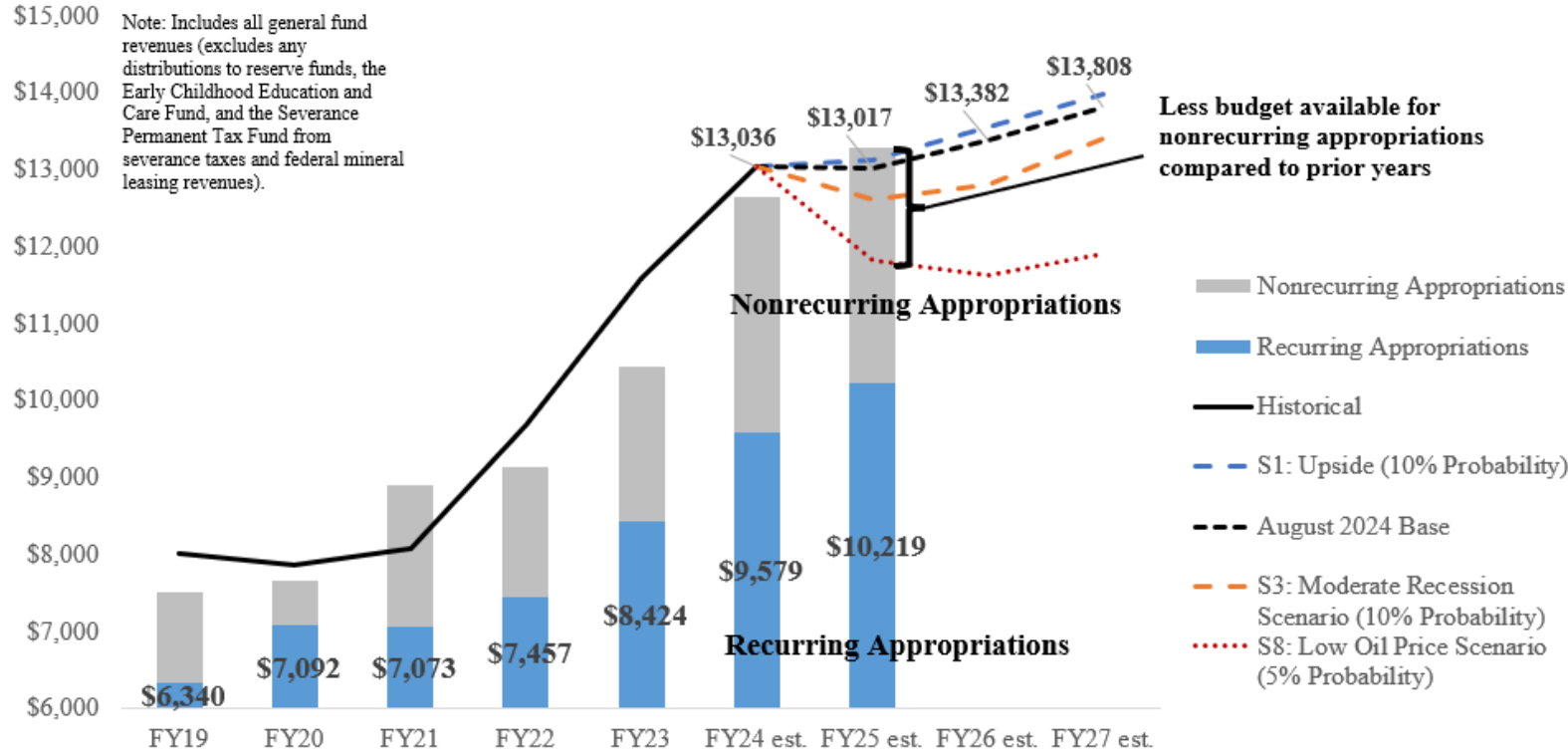
Upside Scenario (in millions)			
	FY25	FY26	FY27
GRT	\$ 91	\$ 115	\$ 108
PIT	\$ 20	\$ 40	\$ 42
CIT	\$ 5	\$ 7	\$ 8
Severance to GF	\$ 4	\$ 5	\$ 13
Severance to TSR or ECE	\$ 65	\$ 88	\$ 38
Severance to STPF	\$ -	\$ 12	\$ 31
FML to GF	\$ -	\$ -	\$ -
FML to ECE	\$ 85	\$ 127	\$ 60
FML to STPF	\$ -	\$ 17	\$ 46
<b>TOTAL</b>	<b>\$ 270</b>	<b>\$ 411</b>	<b>\$ 347</b>
<i>Total GF</i>	<i>\$ 120</i>	<i>\$ 167</i>	<i>\$ 171</i>
<i>Total TSR/ECE/STPF</i>	<i>\$ 151</i>	<i>\$ 244</i>	<i>\$ 176</i>
<i>% TSR/ECE/STPF</i>	<i>56%</i>	<i>59%</i>	<i>51%</i>

Moderate Recession Scenario (in millions)			
	FY25	FY26	FY27
GRT	\$ (228)	\$ (341)	\$ (265)
PIT	\$ (109)	\$ (135)	\$ (104)
CIT	\$ (31)	\$ (57)	\$ (0)
Severance to TSR or ECE	\$ (482)	\$ (345)	\$ (123)
Severance to STPF	\$ (7)	\$ (326)	\$ (390)
FML to GF	\$ -	\$ -	\$ -
FML to ECE	\$ (616)	\$ (548)	\$ (175)
FML to STPF	\$ -	\$ (372)	\$ (596)
<b>TOTAL</b>	<b>\$ (1,509)</b>	<b>\$ (2,166)</b>	<b>\$ (1,680)</b>
<i>Total GF</i>	<i>\$ (403)</i>	<i>\$ (576)</i>	<i>\$ (396)</i>
<i>Total TSR/ECE</i>	<i>\$ (1,106)</i>	<i>\$ (1,590)</i>	<i>\$ (1,285)</i>
<i>% TSR/ECE/STPF</i>	<i>73%</i>	<i>73%</i>	<i>76%</i>

Low Oil Price Scenario (in millions)			
	FY25	FY26	FY27
GRT	\$ (499)	\$ (649)	\$ (743)
PIT	\$ (151)	\$ (192)	\$ (220)
CIT	\$ (28)	\$ (44)	\$ (48)
Severance to GF	\$ (368)	\$ (418)	\$ (417)
Severance to TSR or ECE	\$ (517)	\$ (345)	\$ (123)
Severance to STPF	\$ (255)	\$ (527)	\$ (778)
FML to GF	\$ (155)	\$ (443)	\$ (466)
FML to ECE	\$ (882)	\$ (548)	\$ (175)
FML to STPF	\$ (334)	\$ (742)	\$ (1,167)
<b>TOTAL</b>	<b>\$ (3,188)</b>	<b>\$ (3,909)</b>	<b>\$ (4,136)</b>
<i>Total GF</i>	<i>\$ (1,201)</i>	<i>\$ (1,747)</i>	<i>\$ (1,893)</i>
<i>Total TSR/ECE</i>	<i>\$ (1,988)</i>	<i>\$ (2,162)</i>	<i>\$ (2,243)</i>
<i>% TSR/ECE/STPF</i>	<i>62%</i>	<i>55%</i>	<i>54%</i>

# Stress Test

## Revenue Sensitivity Analysis



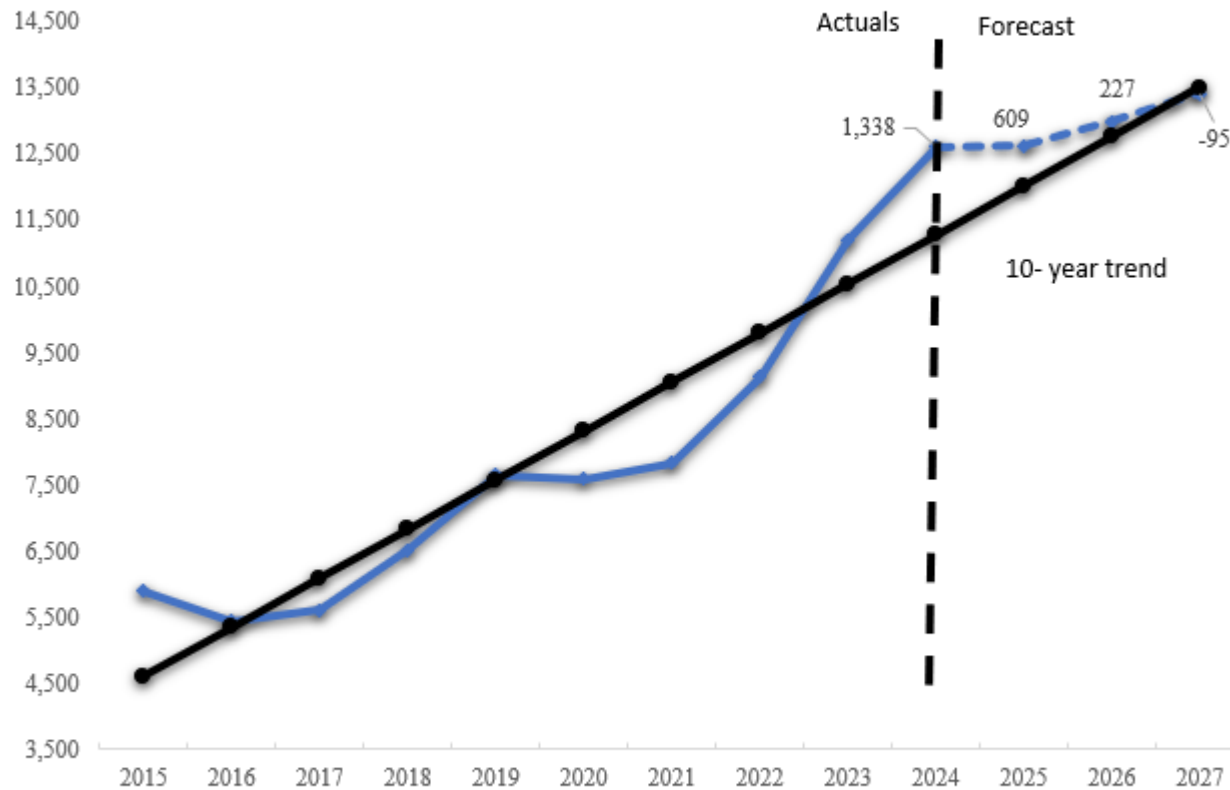
Source: DFA, CREG, Moody's Analytics, S&P, UNM Bureau of Business & Economic Research, (in millions)

- Under the low oil price scenario, the FY25 **recurring appropriations** remain well below the negative impact of an oil shock scenario
- Under the low oil price scenario, the estimated budget available for **nonrecurring appropriations** would be negatively impacted;
  - Estimated less budget available for nonrecurring appropriations:
    - \$1.5 billion in FY25

# General Fund Revenue vs. 10 Year Trend

## Volatility in major General Fund revenue sources

Deviation from 10 years (FY15-FY24) trend (\$ millions)



Note: major revenue sources consist of sales taxes, income taxes, severance taxes, rents and royalties, and investment earnings.

➤ The trendline analysis illustrates how far revenues have deviated from the 10-year trend in current years before returning to trend in out years

➤ For FY25, general fund revenues are above the 10-year trend by \$609 million

➤ For the budget year FY26, general fund revenues deviate from the trend by \$227 million

➤ New Mexico's general fund revenue average annual growth rate is 10.1% (2015-2024 trend)

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# Appendix

# Appendix 1a:

## General Fund Consensus Revenue Estimate - August 2024

Revenue Source	FY24					FY25					FY26				
	Dec 23 Est. Leg. Adj.	Aug 24 Est.	Change From Prior (Dec 23)	% Change from FY23	\$ Change from FY23	Dec 23 Est. Leg. Adj.	Aug 24 Est.	Change From Prior (Dec 23)	% Change from FY24	\$ Change from FY24	Dec 23 Est. Leg. Adj.	Aug 24 Est.	Change From Prior (Dec 23)	% Change from FY25	\$ Change from FY25
<i>Base Gross Receipts Tax</i>	4,064.2	4,164.2	100.0	2.5%	101.7	4,125.2	4,228.8	103.6	1.6%	64.6	4,252.7	4,387.4	134.7	3.8%	158.6
<i>F&amp;M Hold Harmless Payments</i>	(103.5)	(102.8)	0.7	-7.6%	8.5	(94.3)	(93.5)	0.8	-9.0%	9.3	(85.2)	(84.5)	0.7	-9.6%	9.0
NET Gross Receipts Tax	3,960.7	4,061.4	100.7	2.8%	110.2	4,030.9	4,135.3	104.4	1.8%	73.9	4,167.5	4,302.9	135.4	4.1%	167.6
Compensating Tax	94.0	83.2	(10.8)	-11.5%	(10.8)	96.1	93.6	(2.6)	-12.5%	(2.6)	98.5	96.9	(1.5)	-3.6%	(1.6)
<b>TOTAL GENERAL SALES</b>	<b>4,054.7</b>	<b>4,144.6</b>	<b>89.9</b>	<b>2.5%</b>	<b>99.4</b>	<b>4,127.0</b>	<b>4,228.9</b>	<b>101.8</b>	<b>2.0%</b>	<b>84.3</b>	<b>4,266.0</b>	<b>4,399.8</b>	<b>133.9</b>	<b>4.0%</b>	<b>171.0</b>
Tobacco Products and Cigarette Taxes	78.1	71.1	(7.0)	-12.4%	(10.0)	76.8	70.2	(6.6)	-1.3%	(0.9)	76.0	69.4	(6.6)	-1.1%	(0.8)
Liquor Excise	24.9	24.3	(0.6)	-0.8%	(0.2)	25.0	24.5	(0.6)	0.8%	0.2	25.2	24.8	(0.5)	1.2%	0.3
Cannabis Excise	34.0	32.7	(1.3)	-3.3%	(1.3)	33.6	36.6	3.0	11.9%	3.0	36.4	40.8	4.4	11.5%	4.2
Insurance Taxes	410.3	367.0	(43.3)	-6.1%	(23.9)	481.9	454.6	(27.3)	-23.9%	(27.3)	487.1	442.7	(44.4)	-2.6%	(11.9)
Motor Vehicle Excise	165.5	166.8	1.3	1.2%	2.0	166.4	168.1	1.7	0.8%	1.3	171.2	169.7	(1.5)	-1.0%	(1.6)
Gaming Excise	66.0	67.8	1.8	-5.9%	(4.3)	66.1	67.2	1.1	-0.9%	(0.6)	66.0	66.8	0.8	-0.6%	(0.4)
Leased Vehicle & Other	4.0	4.0	-	7.8%	0.3	4.4	4.1	(0.3)	2.6%	0.1	4.7	4.2	(0.5)	2.4%	0.1
<b>TOTAL SELECTIVE SALES</b>	<b>782.8</b>	<b>733.6</b>	<b>(49.1)</b>	<b>-4.0%</b>	<b>(30.2)</b>	<b>854.3</b>	<b>825.2</b>	<b>(29.0)</b>	<b>12.5%</b>	<b>91.6</b>	<b>866.6</b>	<b>818.4</b>	<b>(48.2)</b>	<b>-0.8%</b>	<b>(6.9)</b>
Personal Income Tax	2,480.1	2,241.8	(238.3)	-10.9%	(272.9)	2,364.9	2,013.7	(351.2)	-10.2%	(228.1)	2,400.9	2,068.2	(332.7)	2.7%	54.5
<i>Gross Corporate Income Tax</i>	544.7	534.8	(9.9)	-0.8%	(4.5)	540.3	526.3	(14.1)	-1.6%	(8.5)	532.6	508.1	(24.5)	-3.4%	(18.2)
<i>Pass-Through Entity Income Tax<sup>1</sup></i>	-	190.2	-	-	-	-	327.0	-	71.9%	136.8	-	335.7	-	2.7%	8.7
<i>CIT Refundable Credits</i>	(160.9)	(102.2)	58.7	2.0%	(2.0)	(216.6)	(188.6)	28.0	84.5%	(86.4)	(237.3)	(179.1)	58.2	-5.0%	9.5
Total Corporate Income Tax	383.8	622.8	239.0	41.8%	183.7	323.7	664.6	340.9	6.7%	41.8	295.3	664.7	369.4	0.0%	0.1
<b>TOTAL INCOME TAXES</b>	<b>2,863.9</b>	<b>2,864.6</b>	<b>0.7</b>	<b>-3.0%</b>	<b>(89.2)</b>	<b>2,688.6</b>	<b>2,678.3</b>	<b>(10.3)</b>	<b>-6.5%</b>	<b>(186.3)</b>	<b>2,696.2</b>	<b>2,732.9</b>	<b>36.7</b>	<b>2.0%</b>	<b>54.6</b>
<i>Gross Oil and Gas School Tax</i>	1,817.7	1,829.2	11.5	-8.0%	(158.6)	1,826.0	1,917.5	91.5	4.8%	88.3	1,782.3	2,017.4	235.1	5.2%	99.9
<i>Excess to TSR or Early Childhood Trust Fund</i>	(672.4)	(683.8)	(11.4)	-40.5%	466.0	(428.1)	(517.3)	(89.2)	-24.3%	166.5	(130.2)	(344.7)	(214.5)	-33.4%	172.6
<i>Excess to STPF</i>	-	-	-	-	-	(252.5)	(254.8)	(2.3)	-	(254.8)	(506.7)	(527.3)	(20.6)	106.9%	(272.5)
NET Oil & Gas School Tax	1,145.3	1,145.4	0.1	36.7%	307.4	1,145.4	1,145.4	-	0.0%	-	1,145.4	1,145.4	-	0.0%	-
Oil Conservation Tax	114.8	105.3	(9.5)	-4.2%	(4.7)	112.2	109.2	(3.0)	3.7%	3.9	84.1	113.2	29.1	3.7%	4.0
Resources Excise Tax	7.9	7.9	-	-14.1%	(1.3)	7.9	8.0	0.1	1.2%	0.1	7.9	8.0	0.1	0.0%	-
Natural Gas Processors Tax	54.3	52.4	(1.9)	49.2%	17.3	24.4	25.4	1.0	-51.5%	(27.0)	24.1	24.9	0.8	-2.0%	(0.5)
<b>TOTAL SEVERANCE TAXES</b>	<b>1,322.3</b>	<b>1,311.0</b>	<b>(11.4)</b>	<b>32.1%</b>	<b>318.7</b>	<b>1,289.9</b>	<b>1,288.0</b>	<b>(1.9)</b>	<b>-1.8%</b>	<b>(23.0)</b>	<b>1,261.5</b>	<b>1,291.5</b>	<b>30.0</b>	<b>0.3%</b>	<b>3.5</b>
LICENSE FEES	61.8	67.1	5.2	5.2%	3.3	60.8	63.2	2.4	-5.8%	(3.9)	62.0	63.5	1.5	0.5%	0.3
LGPF Interest	1,201.6	1,203.3	1.7	35.0%	311.9	1,326.1	1,341.6	15.5	11.5%	138.3	1,448.1	1,484.6	36.5	10.7%	143.0
STO Interest	291.4	390.0	98.6	115.0%	208.6	272.3	313.3	41.0	-19.7%	(76.7)	225.2	265.3	40.1	-17.3%	(48.0)
STPF Interest	289.6	289.6	-	9.0%	23.8	328.2	332.8	4.6	14.9%	43.2	366.2	375.4	9.2	12.8%	42.6
<b>TOTAL INTEREST</b>	<b>1,782.6</b>	<b>1,882.9</b>	<b>100.3</b>	<b>40.7%</b>	<b>544.4</b>	<b>1,926.6</b>	<b>1,987.7</b>	<b>61.1</b>	<b>5.6%</b>	<b>104.8</b>	<b>2,039.5</b>	<b>2,125.3</b>	<b>85.8</b>	<b>6.9%</b>	<b>137.6</b>
<i>Gross Federal Mineral Leasing</i>	2,663.0	2,815.3	152.4	-11.8%	(377.0)	2,611.2	2,859.8	248.6	1.6%	44.4	2,553.4	2,934.1	380.6	2.6%	74.3
<i>Excess to Early Childhood Trust Fund</i>	(1,018.1)	(1,170.4)	(152.3)	-43.5%	902.6	(663.1)	(881.2)	(218.1)	-24.7%	289.2	(246.5)	(547.0)	(300.5)	-37.9%	334.2
<i>Excess to STPF</i>	-	-	-	-	-	(303.2)	(333.7)	(30.5)	-	(333.7)	(662.1)	(742.2)	(80.2)	122.4%	(408.5)
NET Federal Mineral Leasing	1,644.9	1,644.9	-	47.0%	525.6	1,644.9	1,644.9	-	0.0%	(0.1)	1,644.9	1,644.9	(0.0)	0.0%	-
State Land Office	57.5	117.8	60.3	52.0%	40.3	52.9	71.3	18.4	-39.4%	(46.4)	53.0	74.3	21.3	4.2%	3.0
<b>TOTAL RENTS &amp; ROYALTIES</b>	<b>1,702.4</b>	<b>1,762.7</b>	<b>60.3</b>	<b>47.3%</b>	<b>565.8</b>	<b>1,697.8</b>	<b>1,716.2</b>	<b>18.4</b>	<b>-2.6%</b>	<b>(46.5)</b>	<b>1,697.9</b>	<b>1,719.2</b>	<b>21.3</b>	<b>0.2%</b>	<b>3.0</b>
TRIBAL REVENUE SHARING	80.7	81.1	0.4	3.8%	2.9	81.9	82.0	0.1	1.1%	0.9	83.0	83.1	0.1	1.3%	1.1
MISCELLANEOUS RECEIPTS	39.7	63.8	24.1	36.4%	17.0	40.2	47.1	6.8	-26.2%	(16.7)	40.4	48.0	7.6	1.9%	0.9
REVERSIONS	75.0	125.0	50.0	13.1%	14.5	75.0	100.0	25.0	-20.0%	(25.0)	75.0	100.0	25.0	0.0%	-
<b>TOTAL RECURRING</b>	<b>12,765.8</b>	<b>13,036.3</b>	<b>270.5</b>	<b>12.5%</b>	<b>1,446.7</b>	<b>12,842.1</b>	<b>13,016.6</b>	<b>174.5</b>	<b>-0.2%</b>	<b>(19.7)</b>	<b>13,088.0</b>	<b>13,381.7</b>	<b>293.7</b>	<b>2.8%</b>	<b>365.1</b>
<i>2023 Nonrecurring Legislation</i>	(12.7)	(9.9)	2.8	-98.6%	684.7	-	-	-	-	9.9	-	-	-	-	-
<i>2022 Nonrecurring Legislation</i>	(6.7)	(4.7)	2.0	-94.2%	76.2	-	-	-	-	4.7	-	-	-	-	-
<i>Other Nonrecurring</i>	-	-	-	-100.0%	(76.5)	-	-	-	-	-	-	-	-	-	-
<b>GRAND TOTAL General Fund</b>	<b>12,746.5</b>	<b>13,021.7</b>	<b>275.3</b>	<b>19.6%</b>	<b>2,131.7</b>	<b>12,842.1</b>	<b>13,016.6</b>	<b>174.5</b>	<b>0.0%</b>	<b>(5.1)</b>	<b>13,088.0</b>	<b>13,381.7</b>	<b>293.7</b>	<b>2.8%</b>	<b>365.1</b>

<sup>1</sup>Legislative and administrative changes to the pass-through entity income tax changed how those receipts accrue to the general fund. Beginning tax year 2023, those receipts will accrue alongside corporate income tax receipts. The estimates presented here reflect estimates of pass-through entity income tax receipts according to that change.

# Appendix 1b:

## General Fund Consensus Revenue Estimate - August 2024

Revenue Source	FY27					FY28					FY29		
	Dec 23 Est. Leg. Adj.	Aug 24 Est.	Change From Prior (Dec 23)	% Change from FY26	\$ Change from FY26	Dec 23 Est. Leg. Adj.	Aug 24 Est.	Change From Prior (Dec 23)	% Change from FY27	\$ Change from FY27	Aug 24 Est.	% Change from FY28	\$ Change from FY28
<i>Base Gross Receipts Tax</i>	4,361.2	4,539.5	178.3	3.5%	152.1	4,474.0	4,684.4	210.4	3.2%	144.9	4,840.0	3.3%	155.6
<i>F&amp;M Hold Harmless Payments</i>	(76.9)	(76.3)	0.6	-9.7%	8.2	(68.1)	(67.6)	0.5	-11.4%	8.7	(58.5)	-13.5%	9.1
NET Gross Receipts Tax	4,284.3	4,463.2	178.9	3.7%	160.3	4,405.9	4,616.8	210.9	3.4%	153.6	4,781.5	3.6%	164.7
Compensating Tax	101.5	100.0	(1.5)	3.2%	3.1	104.6	103.1	(1.5)	3.0%	3.1	106.4	3.2%	3.3
<b>TOTAL GENERAL SALES</b>	<b>4,385.8</b>	<b>4,563.2</b>	<b>177.4</b>	<b>3.7%</b>	<b>163.4</b>	<b>4,510.5</b>	<b>4,719.9</b>	<b>209.4</b>	<b>3.4%</b>	<b>156.7</b>	<b>4,887.9</b>	<b>3.6%</b>	<b>168.0</b>
Tobacco Products and Cigarette Taxes	76.1	69.2	(6.9)	-0.3%	(0.2)	77.6	69.7	(7.9)	0.7%	0.5	71.2	2.2%	1.5
Liquor Excise	25.5	25.1	(0.4)	1.2%	0.3	25.7	25.4	(0.3)	1.2%	0.3	25.7	1.2%	0.3
Cannabis Excise	39.1	45.1	6.0	10.5%	4.3	41.8	49.2	7.4	9.1%	4.1	52.0	5.7%	2.8
Insurance Taxes	499.6	455.8	(43.8)	3.0%	13.1	514.2	470.8	(43.4)	3.3%	15.0	484.9	3.0%	14.1
Motor Vehicle Excise	176.9	173.2	(3.7)	2.1%	3.5	182.7	177.7	(5.0)	2.6%	4.5	182.7	2.8%	5.0
Gaming Excise	68.7	66.9	(1.8)	0.1%	0.1	69.2	67.0	(2.2)	0.1%	0.1	67.0	0.0%	-
Leased Vehicle & Other	4.9	4.3	(0.6)	2.4%	0.1	5.0	4.4	(0.6)	2.3%	0.1	4.4	0.0%	-
<b>TOTAL SELECTIVE SALES</b>	<b>890.8</b>	<b>839.6</b>	<b>(51.2)</b>	<b>2.6%</b>	<b>21.2</b>	<b>916.2</b>	<b>864.2</b>	<b>(52.0)</b>	<b>2.9%</b>	<b>24.6</b>	<b>887.9</b>	<b>2.7%</b>	<b>23.7</b>
Personal Income Tax	2,474.6	2,126.8	(347.8)	2.8%	58.6	2,548.7	2,190.4	(358.3)	3.0%	63.6	2,265.7	3.4%	75.3
<i>Gross Corporate Income Tax</i>	542.4	511.9	(30.5)	0.7%	3.8	560.6	523.2	(37.4)	2.2%	11.3	544.2	4.0%	21.0
<i>Pass-Through Entity Income Tax<sup>1</sup></i>	-	347.0	-	3.4%	11.3	-	359.3	-	3.5%	12.3	370.7	3.2%	11.4
<i>CIT Refundable Credits</i>	(255.1)	(191.3)	63.8	6.8%	(12.2)	(272.1)	(205.1)	67.0	7.2%	(13.8)	(220.8)	7.7%	(15.7)
Total Corporate Income Tax	287.3	667.6	380.3	0.4%	2.9	288.5	677.4	388.9	1.5%	9.8	694.1	2.5%	16.7
<b>TOTAL INCOME TAXES</b>	<b>2,761.9</b>	<b>2,794.4</b>	<b>32.5</b>	<b>2.3%</b>	<b>61.5</b>	<b>2,837.2</b>	<b>2,867.8</b>	<b>30.6</b>	<b>2.6%</b>	<b>73.4</b>	<b>2,959.8</b>	<b>3.2%</b>	<b>92.0</b>
<i>Gross Oil and Gas School Tax</i>	1,775.2	2,046.3	271.1	1.4%	28.9	1,800.4	2,076.4	276.0	1.5%	30.1	2,121.2	2.2%	44.8
<i>Excess to TSR or Early Childhood Trust Fund</i>	-	(122.8)	(122.8)	-64.4%	221.9	-	(116.7)	(116.7)	-5.0%	6.1	(143.9)	23.3%	(27.2)
<i>Excess to STPF</i>	(629.8)	(778.2)	(148.4)	47.6%	(250.9)	(655.0)	(814.3)	(159.3)	4.6%	(36.2)	(832.0)	2.2%	(17.7)
NET Oil & Gas School Tax	1,145.4	1,145.4	-	0.0%	-	1,145.4	1,145.4	-	0.0%	-	1,145.4	0.0%	-
Oil Conservation Tax	84.6	105.1	20.5	-7.2%	(8.1)	85.8	106.7	20.9	1.5%	1.6	118.2	10.8%	11.5
Resources Excise Tax	7.9	8.1	0.2	1.3%	0.1	7.9	8.2	0.3	1.2%	0.1	8.3	1.2%	0.1
Natural Gas Processors Tax	26.7	32.7	6.0	31.3%	7.8	26.9	37.1	10.2	13.5%	4.4	36.9	-0.5%	(0.2)
<b>TOTAL SEVERANCE TAXES</b>	<b>1,264.6</b>	<b>1,291.3</b>	<b>26.7</b>	<b>0.0%</b>	<b>(0.2)</b>	<b>1,266.0</b>	<b>1,297.4</b>	<b>31.4</b>	<b>0.5%</b>	<b>6.1</b>	<b>1,308.8</b>	<b>0.9%</b>	<b>11.4</b>
LICENSE FEES	62.1	63.6	1.4	0.2%	0.1	62.6	64.0	1.4	0.7%	0.5	64.3	0.4%	0.2
LGPF Interest	1,575.6	1,642.7	67.1	10.6%	158.1	1,683.2	1,792.3	109.1	9.1%	149.6	1,980.2	10.5%	187.9
STO Interest	228.5	232.0	3.5	1.5%	(33.3)	232.6	283.7	51.1	22.3%	51.7	292.9	3.2%	9.2
STPF Interest	409.8	425.2	15.4	13.3%	49.8	458.7	481.8	23.1	13.3%	56.6	551.3	14.4%	69.5
<b>TOTAL INTEREST</b>	<b>2,213.9</b>	<b>2,299.9</b>	<b>86.0</b>	<b>8.2%</b>	<b>174.6</b>	<b>2,374.5</b>	<b>2,557.8</b>	<b>183.3</b>	<b>11.2%</b>	<b>257.9</b>	<b>2,824.4</b>	<b>10.4%</b>	<b>266.6</b>
<i>Gross Federal Mineral Leasing</i>	2,518.6	2,986.3	467.7	1.8%	52.3	2,535.6	3,030.6	495.0	1.5%	44.3	3,087.2	1.9%	56.6
<i>Excess to Early Childhood Trust Fund</i>	-	(174.7)	(174.7)	-68.1%	372.3	-	(73.1)	(73.1)	-58.2%	101.6	(162.0)	121.7%	(88.9)
<i>Excess to STPF</i>	(873.7)	(1,166.8)	(293.0)	57.2%	(424.5)	(890.7)	(1,312.7)	(421.9)	12.5%	(145.9)	(1,280.3)	-2.5%	32.3
NET Federal Mineral Leasing	1,644.9	1,644.9	-	0.0%	-	1,644.9	1,644.9	-	0.0%	-	1,644.9	0.0%	-
State Land Office	53.2	77.1	24.0	3.8%	2.8	53.3	80.1	26.8	3.8%	3.0	82.8	3.4%	2.7
<b>TOTAL RENTS &amp; ROYALTIES</b>	<b>1,698.1</b>	<b>1,722.0</b>	<b>24.0</b>	<b>0.2%</b>	<b>2.8</b>	<b>1,698.2</b>	<b>1,725.0</b>	<b>26.8</b>	<b>0.2%</b>	<b>3.0</b>	<b>1,727.7</b>	<b>0.2%</b>	<b>2.7</b>
TRIBAL REVENUE SHARING	84.2	84.2	-	1.3%	1.1	85.1	85.4	0.3	1.4%	1.2	86.5	1.3%	1.1
MISCELLANEOUS RECEIPTS	40.3	49.5	9.2	3.2%	1.6	39.9	51.1	11.1	3.1%	1.5	51.8	1.5%	0.8
REVERSIONS	75.0	100.0	25.0	0.0%	-	75.0	100.0	25.0	0.0%	-	100.0	0.0%	-
<b>TOTAL RECURRING</b>	<b>13,476.6</b>	<b>13,807.7</b>	<b>331.1</b>	<b>3.2%</b>	<b>426.1</b>	<b>13,865.3</b>	<b>14,332.5</b>	<b>467.3</b>	<b>3.8%</b>	<b>524.8</b>	<b>14,899.1</b>	<b>4.0%</b>	<b>566.5</b>
<i>2023 Nonrecurring Legislation</i>	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>2022 Nonrecurring Legislation</i>	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Other Nonrecurring</i>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>GRAND TOTAL General Fund</b>	<b>13,476.6</b>	<b>13,807.7</b>	<b>331.1</b>	<b>3.2%</b>	<b>426.1</b>	<b>13,865.3</b>	<b>14,332.5</b>	<b>467.3</b>	<b>3.8%</b>	<b>524.8</b>	<b>14,899.1</b>	<b>4.0%</b>	<b>566.5</b>

<sup>1</sup>Legislative and administrative changes to the pass-through entity income tax changed how those receipts accrue to the general fund. Beginning tax year 2023, those receipts will accrue alongside corporate income tax receipts. The estimates presented here reflect estimates of pass-through entity income tax receipts according to that change.

# Appendix 2: Economic Indicators

## U.S. and New Mexico Economic Indicators

	FY24		FY25		FY26		FY27		FY28		FY29	
	Dec 23 Forecast	Aug 24 Forecast	Dec 23 Forecast	Aug 24 Forecast	Dec 23 Forecast	Aug 24 Forecast	Dec 23 Forecast	Aug 24 Forecast	Dec 23 Forecast	Aug 24 Forecast	Dec 23 Forecast	Aug 24 Forecast
<b>National Economic Indicators</b>												
S&P Global US Real GDP Growth (annual avg., % YOY)*	2.4	2.9	2.1	1.5	1.2	1.7	1.5	1.7	1.8	1.8	1.8	1.8
Moody's US Real GDP Growth (annual avg., % YOY)*	2.4	2.9	1.4	1.7	2.0	1.8	2.3	2.0	2.4	2.3		2.4
S&P Global US Inflation Rate (CPI-U, annual avg., % YOY)**	2.4	3.2	2.3	1.9	2.3	2.8	2.1	2.0	2.2	2.2	2.2	2.3
Moody's US Inflation Rate (CPI-U, annual avg., % YOY)**	3.2	3.3	2.4	2.8	2.2	2.4	2.2	2.3	2.2	2.2		2.2
S&P Global Federal Funds Rate (%)	5.5	5.3	4.8	4.9	3.4	3.4	2.7	2.4	2.6	2.4	2.6	2.4
Moody's Federal Funds Rate (%)	5.3	5.3	4.7	4.8	3.7	3.7	3.0	3.0	2.9	2.9		2.9
<b>New Mexico Labor Market and Income Data</b>												
BBER NM Non-Agricultural Employment Growth (%)	1.0	1.6	0.2	0.9	0.3	0.4	0.5	0.3	0.5	0.4	0.5	0.6
Moody's NM Non-Agricultural Employment Growth (%)	1.6	1.8	0.5	1.2	0.3	0.4	0.1	0.1	0.1	0.0		0.1
BBER NM Nominal Personal Income Growth (%)***	4.3	4.7	4.6	4.7	4.8	4.9	4.5	4.6	4.4	4.6	4.4	4.7
Moody's NM Nominal Personal Income Growth (%)***	4.2	4.5	4.3	5.2	4.2	4.3	4.3	4.3	4.3	4.3		4.3
BBER NM Total Wages & Salaries Growth (%)	5.5	6.6	3.8	4.1	3.6	4.2	3.7	3.8	3.8	3.6	3.8	4.1
Moody's NM Total Wages & Salaries Growth (%)	5.8	7.1	4.6	5.3	4.1	4.0	3.7	3.7	3.7	3.6		3.6
BBER NM Private Wages & Salaries Growth (%)	6.0	6.2	3.7	3.9	3.6	4.3	3.7	3.9	3.9	3.7	3.9	4.3
BBER NM Real Gross State Product (% YOY)	1.6	3.6	1.7	1.5	1.2	1.2	1.6	1.5	1.9	1.5	1.9	1.3
Moody's NM Real Gross State Product (% YOY)	2.1	3.7	1.0	1.5	1.7	1.4	1.9	1.5	1.9	1.7		1.7
CREG NM Gross Oil Price (\$/barrel)	\$79.50	\$78.50	\$75.00	\$76.50	\$69.50	\$71.50	\$69.00	\$69.00	\$69.00	\$70.00	\$69.00	\$70.50
CREG NM Net Oil Price (\$/barrel)****	\$69.80	\$68.84	\$65.85	\$67.09	\$61.02	\$62.71	\$60.58	\$60.51	\$60.58	\$61.39		\$61.83
BBER Oil Volumes (million barrels)	652	702	648	706	648	703	652	691	655	690	655	691
CREG NM Taxable Oil Volumes (million barrels)	685	705	710	735	725	790	735	815	745	815	745	825
NM Taxable Oil Volumes (%YOY growth)	4.2%	7.1%	3.6%	4.3%	2.1%	7.5%	1.4%	3.2%	1.4%	0.0%	1.4%	1.2%
CREG NM Gross Gas Price (\$ per thousand cubic feet)****	\$3.45	\$3.20	\$3.80	\$3.57	\$4.10	\$4.20	\$3.95	\$4.36	\$4.00	\$4.39	\$4.00	\$4.46
CREG NM Net Gas Price (\$ per thousand cubic feet)*****	\$2.36	\$2.10	\$2.64	\$2.45	\$2.89	\$2.97	\$2.77	\$3.11	\$2.81	\$3.13		\$3.20
BBER Gas Volumes (billion cubic feet)	3,227	3,593	3,156	3,655	3,168	3,641	3,193	3,620	3,232	3,618	3,232	3,618
CREG NM Taxable Gas Volumes (billion cubic feet)	3,275	3,540	3,320	3,685	3,340	3,825	3,345	3,940	3,350	3,975	3,350	4,000
NM Taxable Gas Volumes (%YOY growth)	1.3%	9.4%	4.3%	4.1%	0.7%	3.8%	1.0%	3.0%	0.6%	0.9%	0.6%	0.6%

### Notes

\* Real GDP is BEA chained 2017 dollars, billions, annual rate

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

\*\*\*Nominal Personal Income growth rates are for the calendar year in which each fiscal year begins

\*\*\*\*The gross gas prices are estimated using a formula of NYMEX, EIA, and S&P Global future prices

\*\*\*\*\*The net oil and gas prices represent calculated prices based on taxable values of the product after deductions for transportation, processing, and royalties

Sources: BBER - July 2023 FOR-UNM baseline. S&P Global Insight - July 2023 baseline.

### DFA Notes

\* Real GDP is BEA chained 2012 dollars, billions, annual rate

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

\*\*\*Nominal Personal Income growth rates are for the calendar year in which each fiscal year begins

\*\*\*\*The gross gas prices are estimated using a formula of NYMEX, EIA, and Moody's January future prices

\*\*\*\*\*The net oil and gas prices represent calculated prices based on taxable values of the product after deductions for transportation, processing, and royalties

Sources: Moody's baseline

# Appendix 3: Sources and Uses

Sources and Uses of Bonding Capacity Available for Authorization and Severance Tax Permanent Fund Transfer (in millions) August 2024						
Sources of Funds	FY25	FY26	FY27	FY28	FY29	5-Year
General Obligation Bonds		\$362.5		\$362.5		\$725.0
<b>Senior STBs</b>	<b>\$1,185.1</b>	<b>\$1,196.0</b>	<b>\$1,214.8</b>	<b>\$1,202.5</b>	<b>\$1,193.4</b>	<b>\$5,991.9</b>
Severance Tax Bonds Issued <sup>1</sup>	\$385.0	\$385.0	\$385.0	\$385.0	\$385.0	\$1,925.0
Severance Tax Notes	\$800.1	\$811.0	\$829.8	\$817.5	\$808.4	\$4,066.9
<b>Supplemental STBs</b>	<b>\$808.0</b>	<b>\$808.0</b>	<b>\$854.2</b>	<b>\$868.6</b>	<b>\$886.1</b>	<b>\$4,224.8</b>
Supplemental Severance Tax Bonds	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Supplemental Severance Tax Notes	\$808.0	\$808.0	\$854.2	\$868.6	\$886.1	\$4,224.8
<b>TOTAL Sources of STB Funds</b>	<b>\$1,993.1</b>	<b>\$2,004.0</b>	<b>\$2,069.0</b>	<b>\$2,071.1</b>	<b>\$2,079.5</b>	<b>\$10,216.7</b>
Uses of Funds	FY25	FY26	FY27	FY28	FY29	5-Year
General Obligation Bonds		\$362.5		\$362.5		\$725.0
<b>Senior Severance Tax Bonds</b>						
Authorized but Unissued STB Projects	\$350.0	\$0.0	\$0.0	\$0.0	\$0.0	\$350.0
<u>Earmark Programs</u>						
9.0% of Senior STB for Water Projects	\$166.5	\$167.5	\$169.2	\$168.1	\$167.3	\$838.5
4.5% of Senior STB for Colonias Projects	\$83.3	\$83.7	\$84.6	\$84.0	\$83.6	\$419.3
4.5% of Senior STB for Tribal Projects	\$83.3	\$83.7	\$84.6	\$84.0	\$83.6	\$419.3
2.5% Housing Trust Fund Projects	\$46.3	\$46.5	\$47.0	\$46.7	\$46.5	\$232.9
<u>Capital Development Reserve &amp; Program Funds<sup>2</sup></u>						
Capital Dev. Program Fund Projects	\$24.4	\$26.4	\$29.9	\$38.2	\$50.9	\$169.8
Capital Dev. & Reserve Fund Distribution	\$80.3	\$160.7	\$241.0	\$321.4	\$401.7	\$1,205.2
<u>New Senior STB Statewide Capital Projects</u>	\$351.1	\$627.4	\$558.5	\$460.1	\$359.8	\$2,356.9
<b>PSCOC Public School Capital</b>	<b>\$808.0</b>	<b>\$808.0</b>	<b>\$854.2</b>	<b>\$868.6</b>	<b>\$886.1</b>	<b>\$4,224.8</b>
<b>TOTAL STB Uses of Funds</b>	<b>\$1,993.1</b>	<b>\$2,004.0</b>	<b>\$2,069.0</b>	<b>\$2,071.1</b>	<b>\$2,079.5</b>	<b>\$10,216.7</b>
Estimated Transfer to Severance Tax Permanent Fund						
	FY25	FY26	FY27	FY28	FY29	5-Year
Severance Tax Permanent Fund Transfe	\$616.4	\$485.5	\$427.7	\$440.3	\$462.3	\$2,432.2

<sup>1</sup> Statutory capacity is estimated to be \$1,050 million annually. Per HB 253, the State Board of Finance shall issue an amount that will maintain stable debt metrics, including debt per capita and debt as a percentage of personal income. The State Board of Finance has calculated the "capped" debt capacity to be \$385 million annually.

<sup>2</sup> Per HB 253, SBOF shall distribute any cash savings resulting from reduced long-term bond issuance (also known as debt service savings) annually to the newly established Capital Development and Reserve Fund. Based on statutory capacity of \$1,050 million and capped capacity of \$385 million, average annual debt service savings are estimated to total \$80.4 million, which is applied for 10 years, compounding each year in which debt service savings are realized. This analysis assumes savings will be realized each year. Additionally, on January 1 of each year, a distribution from the Capital Development Reserve fund will be made to the Capital Development Program Fund for small project and design and engineering appropriation.

# Appendix 4: GFFS

## DFA GENERAL FUND FINANCIAL SUMMARY

August 2024

(Dollars in Millions)

	Est. FY24	Est. FY25	Est. FY26
<b>APPROPRIATION ACCOUNT</b>			
<b>Revenue:</b>			
Recurring Revenue:			
December 2023 Consensus Revenue Estimate	\$ 12,765.8	\$ 12,842.1	\$ 13,088.0
August 2024 Consensus Revenue Update	\$ 270.5	\$ 174.5	\$ 293.7
<b>Subtotal Recurring Revenue</b>	<b>\$ 13,036.3</b>	<b>\$ 13,016.6</b>	<b>\$ 13,381.7</b>
<b>Nonrecurring Revenue</b>			
2022 Legislation Session Nonrecurring Revenue Legislation	\$ (4.7)		
2023 Legislation Session Nonrecurring Revenue Legislation	\$ (9.9)		
2024 Legislative Session Nonrecurring Revenue Legislation	\$ -	\$ -	\$ -
<b>Subtotal Nonrecurring Revenue</b>	<b>\$ (14.6)</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Revenue</b>	<b>\$ 13,021.7</b>	<b>\$ 13,016.6</b>	<b>\$ 13,381.7</b>
<b>Appropriations:</b>			
Recurring Appropriations:			
2023 Regular Session and Feed Bill	\$ 9,568.6		
2024 Regular Session and Feed Bill	\$ 10.3	\$ 10,219.5	
<b>Subtotal Recurring Appropriations</b>	<b>\$ 9,578.9</b>	<b>\$ 10,219.5</b>	
<b>Nonrecurring:</b>			
2022 Nonrecurring Appropriations (ARPA Appropriations)			
2023 Nonrecurring Appropriations (ARPA Appropriations)			
2024 Nonrecurring Appropriations (ARPA Appropriations)	\$ 54.5		
2023 Regular Session Nonrecurring Appropriations	\$ 771.4		
2023 Regular Session General Fund Capital	\$ 1,074.0		
2024 Regular Session Nonrecurring Appropriations	\$ 1,225.2	\$ 1,468.0	
2024 Regular Session General Fund Capital	\$ -	\$ 931.6	
2024 Special Session General Fund		\$ 103.0	
<b>Subtotal Nonrecurring Appropriations</b>	<b>\$ 3,070.6</b>	<b>\$ 2,502.6</b>	<b>\$ -</b>
<b>Subtotal Recurring and Nonrecurring Appropriations</b>	<b>\$ 12,649.5</b>	<b>\$ 12,722.1</b>	<b>\$ -</b>
2022 GAA Undistributed Nonrecurring Appropriations			
2023 GAA Undistributed Nonrecurring Appropriations	\$ 428.5		
<b>Total Appropriations</b>	<b>\$ 13,078.0</b>	<b>\$ 12,722.1</b>	<b>\$ -</b>
Transfers to/(from Operating Reserves)	\$ (56.3)	\$ 294.5	

**FY25  
Total New  
Money  
\$659 million**

## GENERAL FUND FINANCIAL SUMMARY

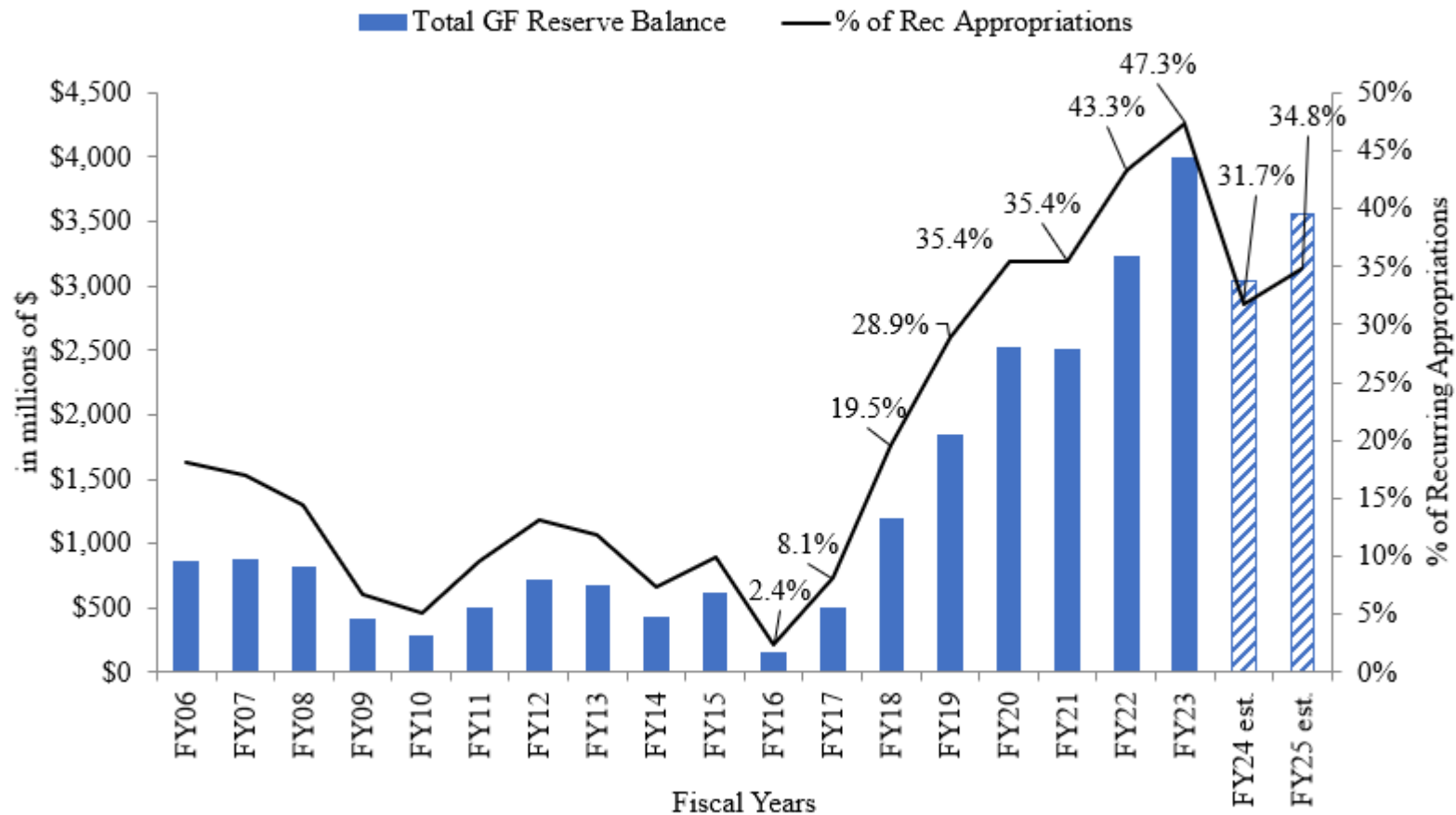
Reserve Detail  
(Dollars in Millions)

	Est. FY24	Est. FY25	Est. FY26
<b>OPERATING RESERVE</b>			
Beginning Balance	\$ 596.6	\$ 448.4	\$ 737.1
BOF Emergency Appropriations/Reversions	\$ (4.0)	\$ (4.0)	\$ (4.0)
Disaster Allotments	\$ (37.9)	\$ (1.8)	\$ -
Transfers from/to Appropriation Account	\$ (56.3)	\$ 294.5	\$ -
Transfers to Tax Stabilization Reserve/Government Results & Opportunity (GRO) Expendable Trust <sup>6</sup>	\$ -	\$ -	\$ -
Transfers from (to) ACF/Other Appropriations <sup>4</sup>	\$ (50.0)	\$ -	\$ -
Transfers from Tax Stabilization Reserve (1% transfer from TSR)	\$ -	\$ -	\$ -
Transfers from Tax Stabilization Reserve	\$ -	\$ -	\$ -
<b>Ending Balance</b>	<b>\$ 448.4</b>	<b>\$ 737.1</b>	<b>\$ 733.1</b>
<b>APPROPRIATION CONTINGENCY FUND</b>			
Beginning Balance	\$ -	\$ -	\$ (8.0)
Disaster Allotments	\$ (54.8)	\$ (16.0)	\$ (16.0)
Other Appropriations	\$ -	\$ -	\$ -
Transfers In <sup>4,5</sup>	\$ 50.0	\$ -	\$ -
Unearned Federal Funds	\$ -	\$ -	\$ -
Revenue and Reversions	\$ 4.8	\$ 8.0	\$ 8.0
<b>Ending Balance</b>	<b>\$ -</b>	<b>\$ (8.0)</b>	<b>\$ (16.0)</b>
<b>STATE SUPPORT RESERVE</b>			
Beginning Balance	\$ 10.4	\$ 10.4	\$ 10.4
Revenues/Transfers	\$ -	\$ -	\$ -
Appropriations	\$ -	\$ -	\$ -
Impact Aid Liability	\$ -	\$ -	\$ -
<b>Ending Balance</b>	<b>\$ 10.4</b>	<b>\$ 10.4</b>	<b>\$ 10.4</b>
<b>TOBACCO SETTLEMENT PERMANENT FUND</b>			
Beginning Balance	\$ 330.8		
Transfers In	\$ 27.4		
Appropriation to Tobacco Settlement Program Fund	\$ (13.7)		
Gains/Losses	\$ 18.2		
Additional Transfers from TSPF	\$ -		
Transfer to General Fund Appropriation Account	\$ -		
<b>Ending Balance<sup>7</sup></b>	<b>\$ 362.7</b>		
<b>TAX STABILIZATION RESERVE</b>			
Beginning Balance	\$ 3,050.4	\$ 2,213.5	\$ 2,302.0
Revenues In <sup>1</sup>	\$ 683.8	\$ 517.3	\$ 344.7
Transfers In (from Operating Reserve)	\$ -	\$ -	\$ -
Transfer Out to Operating Reserve <sup>3</sup>	\$ -	\$ -	\$ -
Transfers Out to Early Childhood Trust Fund <sup>2</sup>	\$ (683.8)	\$ (517.3)	\$ (344.7)
Gains/Losses	\$ 122.0	\$ 88.5	\$ 92.1
Other appropriations/FY25 Transfer to Higher Education Trust Fund	\$ (959.0)	\$ -	\$ -
Audit Adjustments for Rounding	\$ -	\$ -	\$ -
<b>Ending Balance</b>	<b>\$ 2,213.5</b>	<b>\$ 2,302.0</b>	<b>\$ 2,394.1</b>
<b>Government Results and Opportunity Expendable Trust</b>		<b>\$ 512.2</b>	
<b>Total General Fund Ending Balances</b>	<b>\$ 3,035.0</b>	<b>\$ 3,553.7</b>	
<b>Percent of Recurring Appropriations</b>	<b>31.7%</b>	<b>34.8%</b>	

1. Estimated transfers to TSR from excess oil and gas emergency tax revenues in excess of the rolling five-year average.  
2. Laws 2020, Chapter 3 (HB83) established that if reserve balances exceed 25 percent of recurring appropriations the excess oil and gas emergency tax revenue in excess of the rolling five-year average be distributed to the Early Childhood Trust Fund.  
3. Laws 2020, HB341 transfers a portion of the balance in the Tax Stabilization Reserve (TSR) of the General Fund Operating Reserve is less than one percent of aggregate appropriations. The amount transferred is equal to the lesser of the one percent of appropriations or the amount necessary so that the balance in the Operating Reserve is one percent of percent aggregate appropriations.  
4. Laws of 2023, appropriated \$50 million from the operating reserve to the appropriation contingency fund in FY23.  
5. 2021 Second Special session appropriated \$1,069 billion of ARPA funds to appropriation contingency fund. Remaining unearned federal funds in suspense account are \$54.5 million in FY23.  
6. Laws 2024, HB196 stipulates that when operating reserve fund hits 8 percent of the prior budget year's recurring appropriations, the excess must be transferred to the government results and opportunity (GRO) expendable trust. Under prior law, the excess funds were transferred from the operating reserve to the tax stabilization reserve. Because the bill did not have an effective date, it becomes effective May 15, 2024 - 90 days after the legislature adjourns.  
7. Laws 2024, SB116 removes the Tobacco Settlement Permanent Fund from reserves in FY25.  
Totals may not sum due to rounding

# Appendix 5: General Fund Reserves

**General Fund Reserve Balances as a Percent of Recurring Appropriations**



Source: DFA, FCD, CREG

- FY23 general fund reserve balances are \$3.98 billion or 47.3% of recurring appropriations
- Estimated FY24 general fund reserves are at \$3.04 billion or 31.7% of recurring appropriations.
- Estimated FY25 general fund reserves are at \$3.55 billion or 34.8% of recurring appropriations.\*
  - (\*pending 2025 legislative appropriations)

# Appendix 6a: Early Childhood Education and Care Fund

## Early Childhood Education and Care Fund

	CY20	CY21	CY22	CY23	CY24	CY25	CY26	CY27	CY28	CY29
Beginning Balance	\$ 300.0	\$ 306.1	\$ 314.1	\$3,462.0	\$5,721.2	\$8,077.5	\$ 9,758.7	\$10,918.3	\$11,504.4	\$11,739.1
Gains & Losses	\$ 6.1	\$ 27.9	\$ (7.1)	\$ 336.3	\$ 286.1	\$ 403.9	\$ 487.9	\$ 545.9	\$ 575.2	\$ 587.0
Excess FML	\$ -	\$ -	\$1,501.7	\$2,073.0	\$1,170.4	\$ 881.2	\$ 547.0	\$ 174.7	\$ 73.1	\$ 162.0
Excess OGAS School Tax	\$ -	\$ -	\$1,682.8		\$1,149.8	\$ 683.8	\$ 517.3	\$ 344.7	\$ 122.8	\$ 116.7
Distribution to ECE Program Fund		\$ (20.0)	\$ (30.0)	\$ (150.0)	\$ (250.0)	\$ (287.7)	\$ (392.6)	\$ (479.2)	\$ (536.4)	\$ (569.4)
<b>Ending Balance (\$ in millions)</b>	<b>\$ 306.1</b>	<b>\$ 314.1</b>	<b>\$3,462.0</b>	<b>\$5,721.2</b>	<b>\$8,077.5</b>	<b>\$9,758.7</b>	<b>\$10,918.3</b>	<b>\$11,504.4</b>	<b>\$11,739.1</b>	<b>\$12,035.3</b>

	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29
Distribution to ECE Program Fund	\$ -	\$ 20.0	\$ 30.0	\$ 150.0	\$ 250.0	\$ 287.7	\$ 392.6	\$ 479.2	\$ 536.4

Note: FML and OGAS distributions based on August 2024 Consensus Revenue Forecast

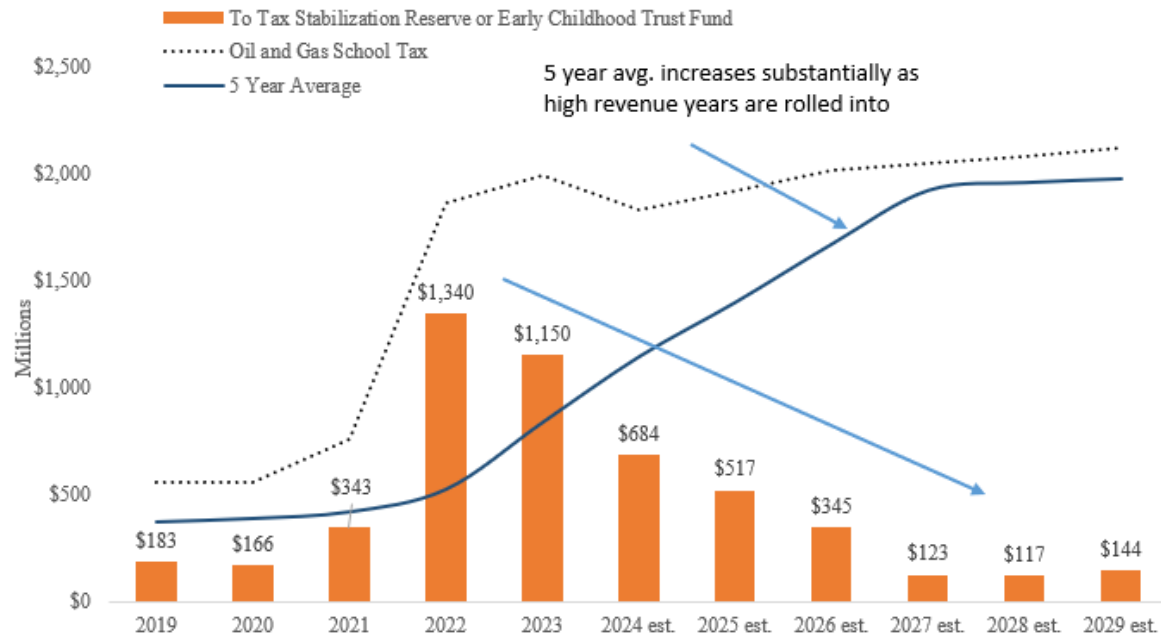
Note: Distribution to ECE Program Fund occurs in FY not CY

Note: 2023's HB191 increased minimum distribution from \$30 million to \$150 million in FY24

Note: 2024's SB153 increased minimum distribution from \$155 million to \$250 million in FY25

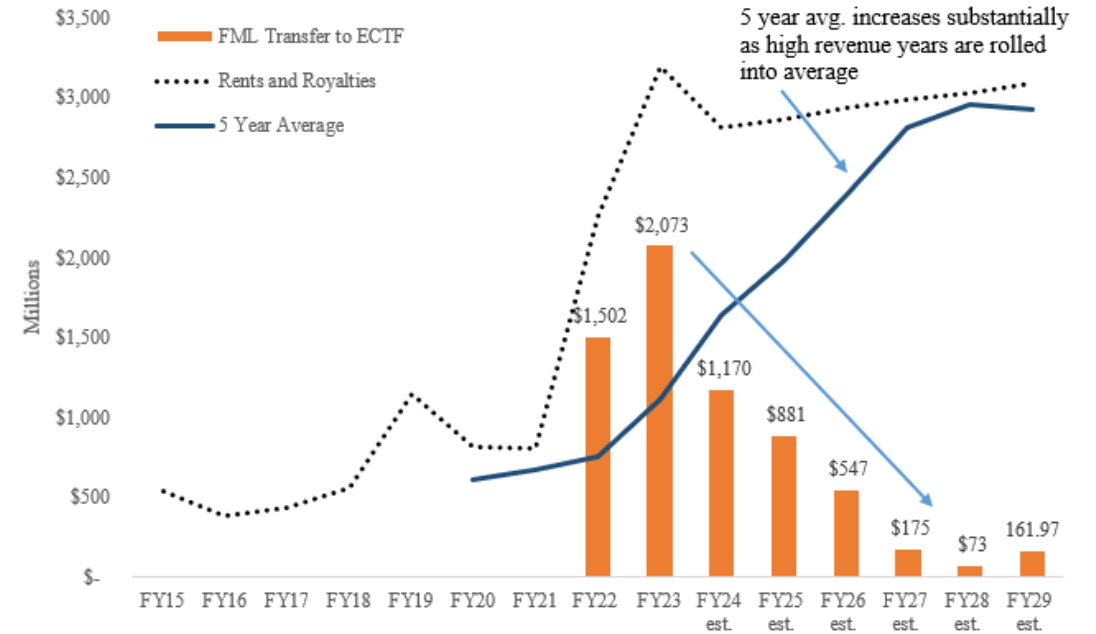
# Appendix 6b: Oil and Gas Emergency School Tax & FML Revenues vs. 5-year average

**Oil and Gas Emergency School Tax Revenue vs. 5 Year Average & Excess Transfers**



Source: DFA, CREG

**Federal Mineral Leasing Revenue vs. 5 Year Average & Excess Transfers**



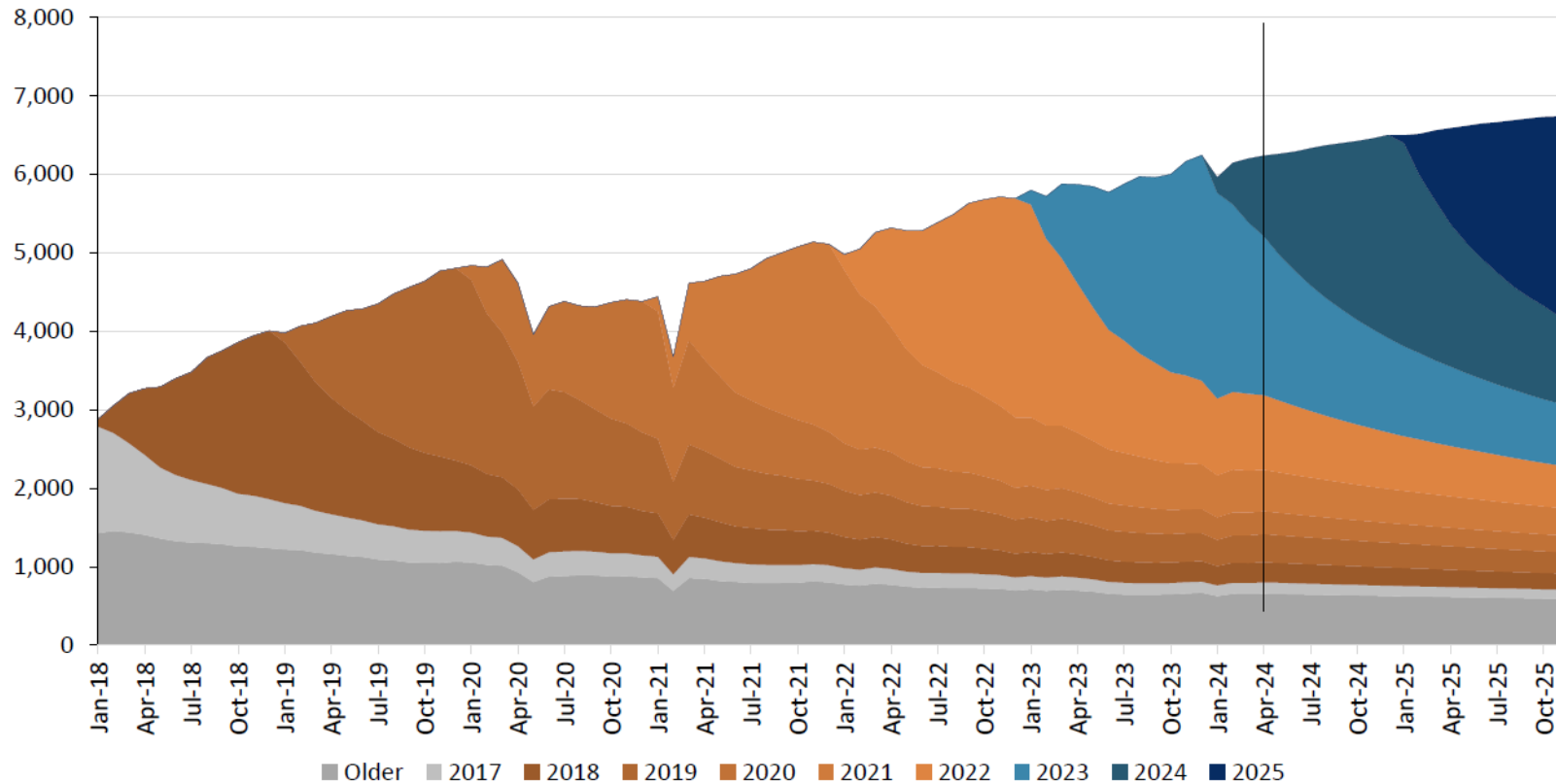
Source: DFA, CREG

➤ As the 5-year average (solid line) climbs, amounts diverted to reserves/trust funds decrease

# Appendix 7a: Rystad Energy: Permian production is still growing – but the pace is decelerating

## Permian production is still growing—but the pace is decelerating

Permian oil production  
Million barrels per day



RystadEnergy

Source: Rystad Energy ShaleWellCube



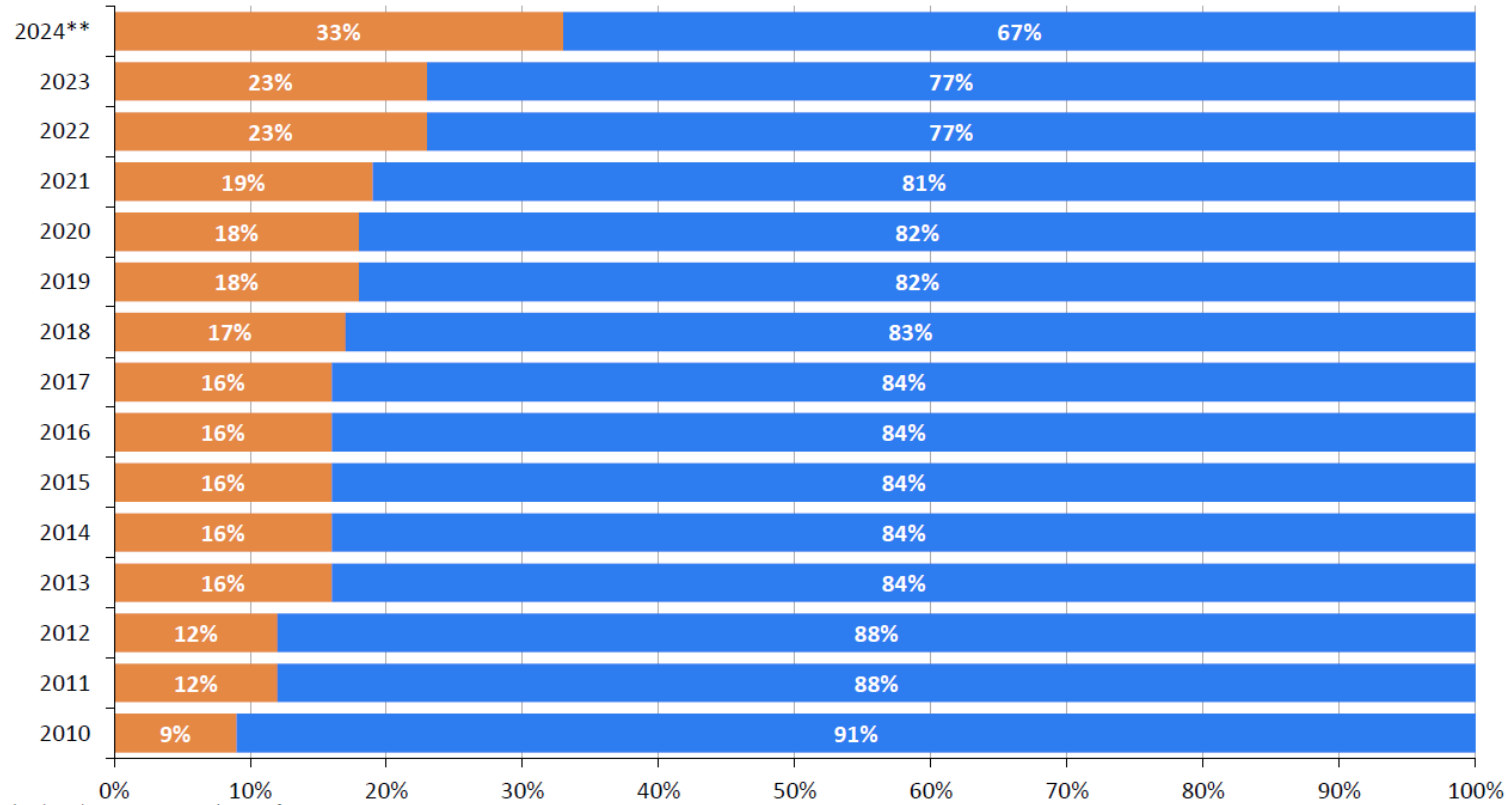
# Appendix 7b: Rystad Energy: Supermajors set to control an unprecedented portion of US

## Supermajors set to control an unprecedented portion of US shale resources

Share of remaining US tight oil resources by year\*, controlled by company type

Percent

Supermajors + ConocoPhillips Others



\*Oil and condensate reserves, values as of 1 January

\*\*Assumes Hess and Pioneer owned by Chevron and ExxonMobil, respectively, as of 1 January 2024

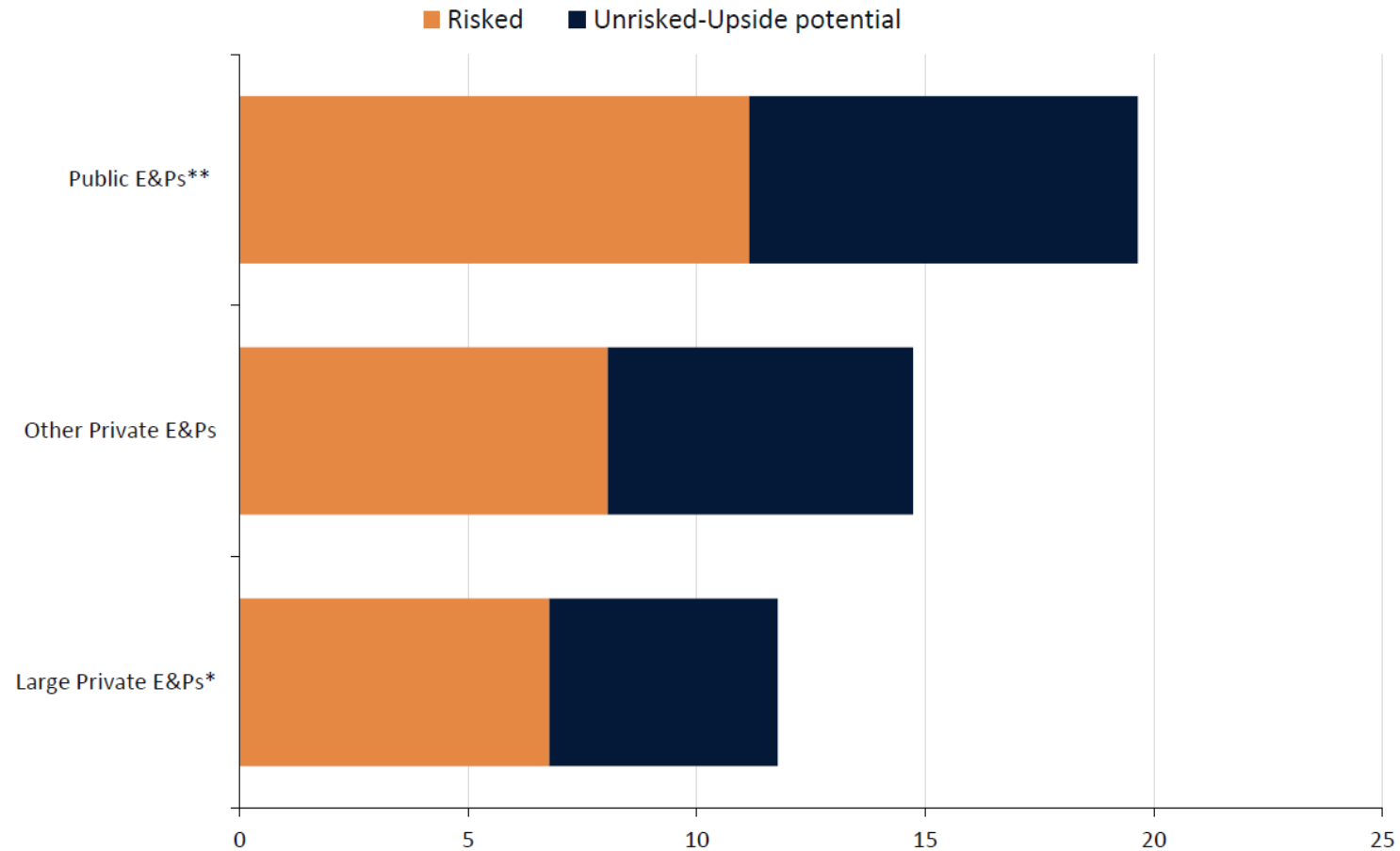
Source: Rystad Energy UCube May 2024

RystadEnergy

# Appendix 7c: Rystad Energy: Remaining years of Permian Private E&P inventory at 2023 drilling pace

## Remaining years of Permian Private E&P inventory at 2023 drilling pace

Number of years



RystadEnergy

\*Includes Endeavor, Mewbourne, CrownQuest, Birch, Kaiser-Francis, Surge Energy and Continental Resources

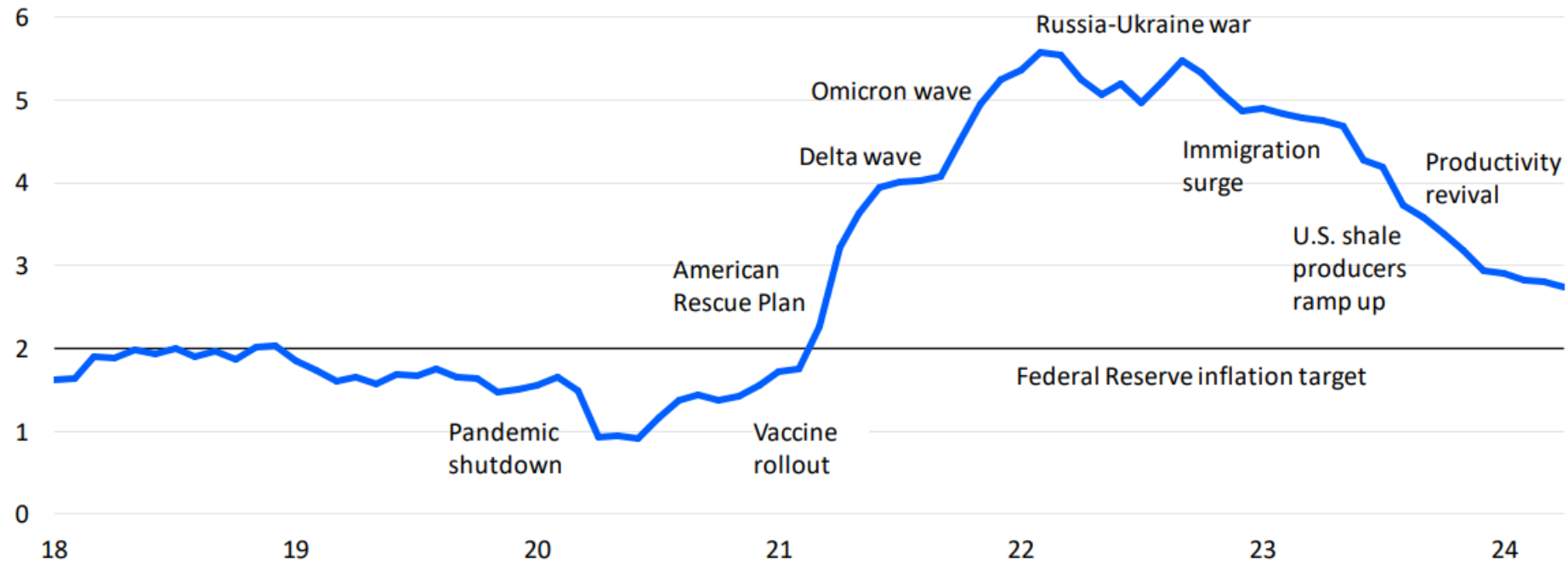
\*\*Includes Supermajors

Source: Rystad Energy UCube, Rystad Energy research and analysis

# Appendix 8a: Moody's Analytics: Stubborn Inflation, Reluctant Fed

## Inflation Heads Back to Federal Reserve's Target...

Core consumer expenditure deflator, % change yr ago



Sources: BLS, Moody's Analytics

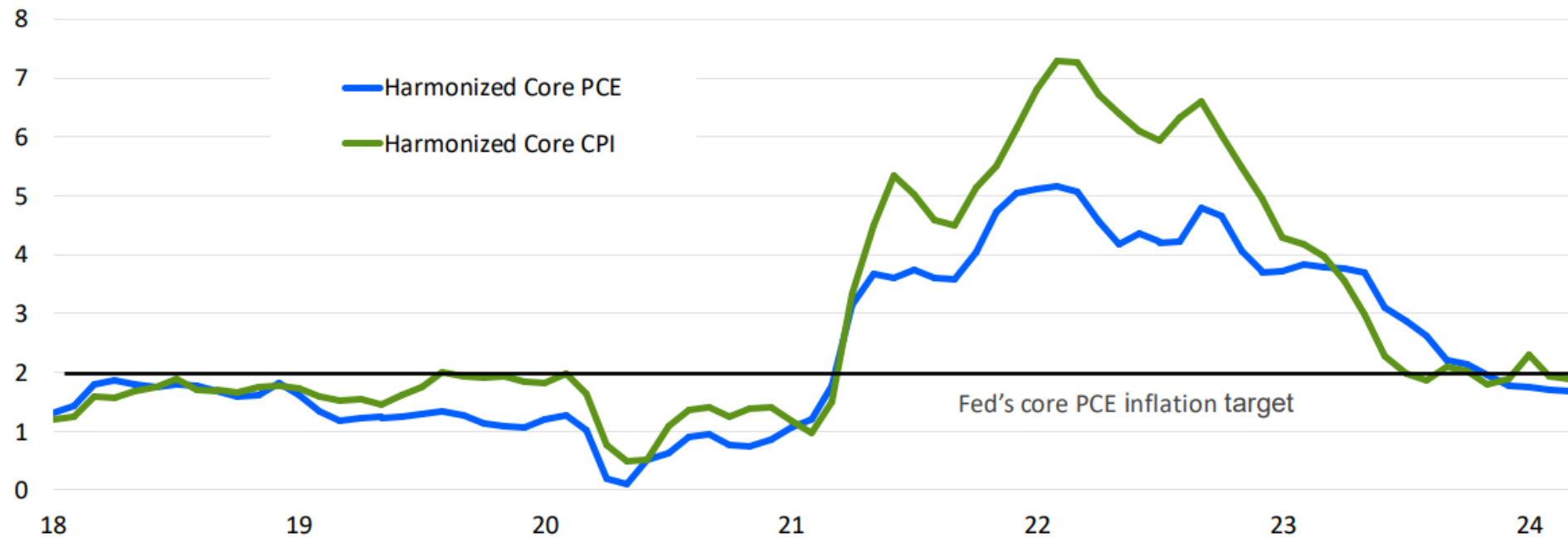
Stubborn Inflation, Reluctant Fed

2

# Appendix 8b: Moody's Analytics: Stubborn Inflation, Reluctant Fed

## ...And is Already There By Some Measures

Harmonized core inflation, % change yr ago

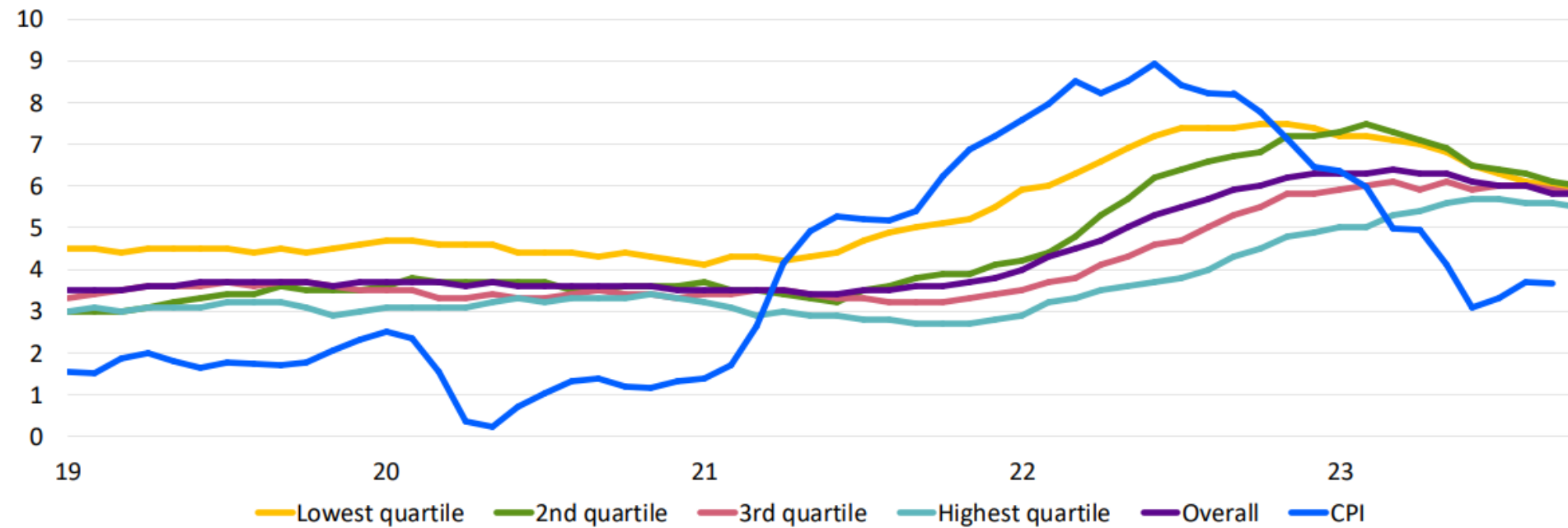


Sources: BLS, Moody's Analytics

# Appendix 8c: Moody's Analytics: Stubborn Inflation, Reluctant Fed

## Consumers' Purchasing Power Improves...

Wage growth by wage quartile and consumer price index, % change yr ago

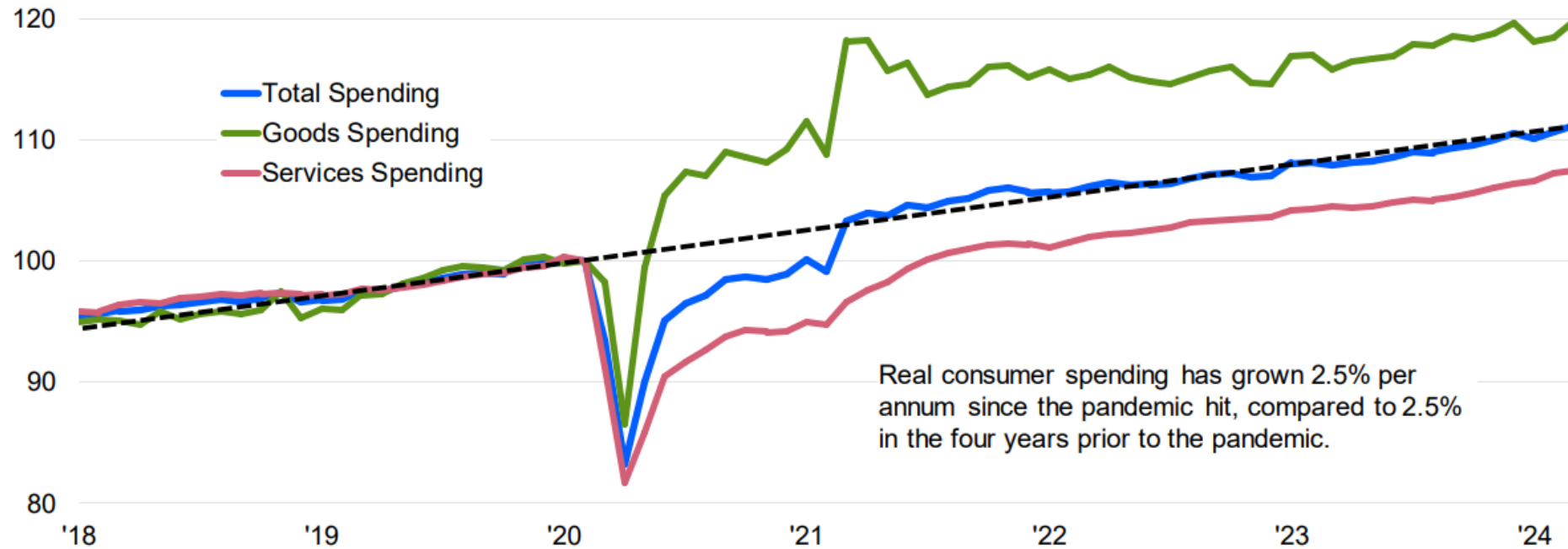


Sources: BLS, Atlanta Fed, Moody's Analytics

# Appendix 8d: Moody's Analytics: Stubborn Inflation, Reluctant Fed

## ...And Their Spending Holds Firm

Real consumer spending, Feb 2020 = 100

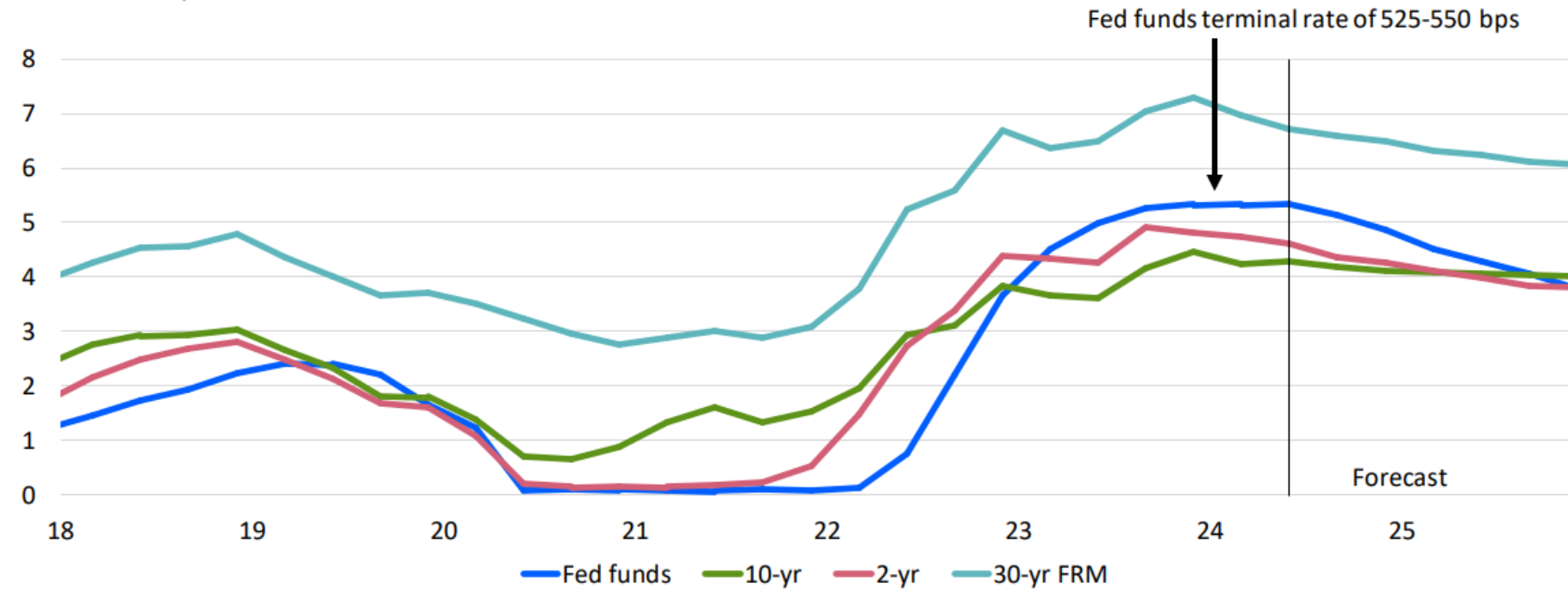


Sources: Bureau of Economic Analysis, Moody's Analytics

# Appendix 8e: Moody's Analytics: Stubborn Inflation, Reluctant Fed

## Interest Rates Are Set to Decline

Interest rates, %



Sources: Federal Reserve, Freddie Mac, Moody's Analytics

# Appendix 9a: Select Industry Employment by Gender in New Mexico, 2022

Industry	% Male	% Female	Industry	% Male	% Female
Full-time, year-round employed 16+	56.6%	43.4%	Information*	60.7%	39.3%
Agriculture, forestry, fishing & hunting <sup>+</sup>	78.2%	21.8%	Finance & Insurance*	32.9%	67.1%
Mining, quarrying & oil and gas extraction*	87.4%	12.6%	Real estate & rental and leasing	52.6%	47.4%
Construction	92.3%	7.7%	Professional & business services*	62.3%	37.7%
Manufacturing	76.2%	23.2%	Private educational services <sup>+</sup>	33.9%	66.1%
Wholesale trade	77.3%	22.7%	Health care & social assistance	24.9%	75.1%
Retail trade <sup>+</sup>	58.5%	41.5%	Arts, entertainment & recreation <sup>+</sup>	62.6%	37.4%
Transportation & warehousing	82.4%	17.6%	Accommodation & food services <sup>+</sup>	52.2%	43.9%
Public administration*	56.1%	43.9%			

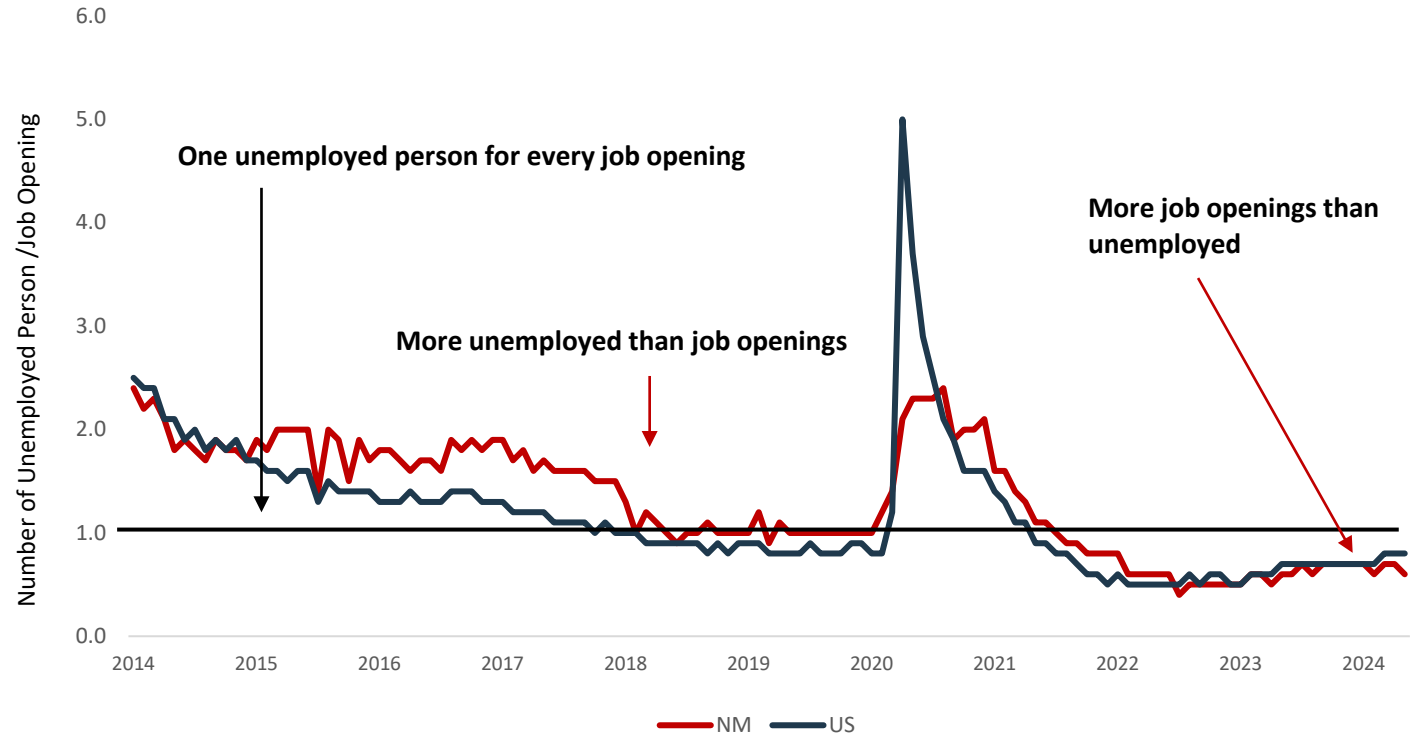
\* Higher income jobs (for public administration, Federal jobs only)

<sup>+</sup> Lower income jobs

# Appendix 9b: Tight labor market still evident

- Number of unemployed persons per one job opening in New Mexico has changed since the COVID pandemic
- Historically, New Mexico had more unemployed persons than job openings
- Currently, New Mexico and the nation have more job openings than unemployed persons
- New Mexico's labor market has been slightly tighter than the U.S.'s since June 2022
  - May 2024
    - NM: 0.6
    - US: 0.8

## New Mexico Unemployed per Job Opening



Source: U.S. Bureau of Labor Statistics, Job Openings and Labor Turnover Survey (JOLTS), 2013-May 2024

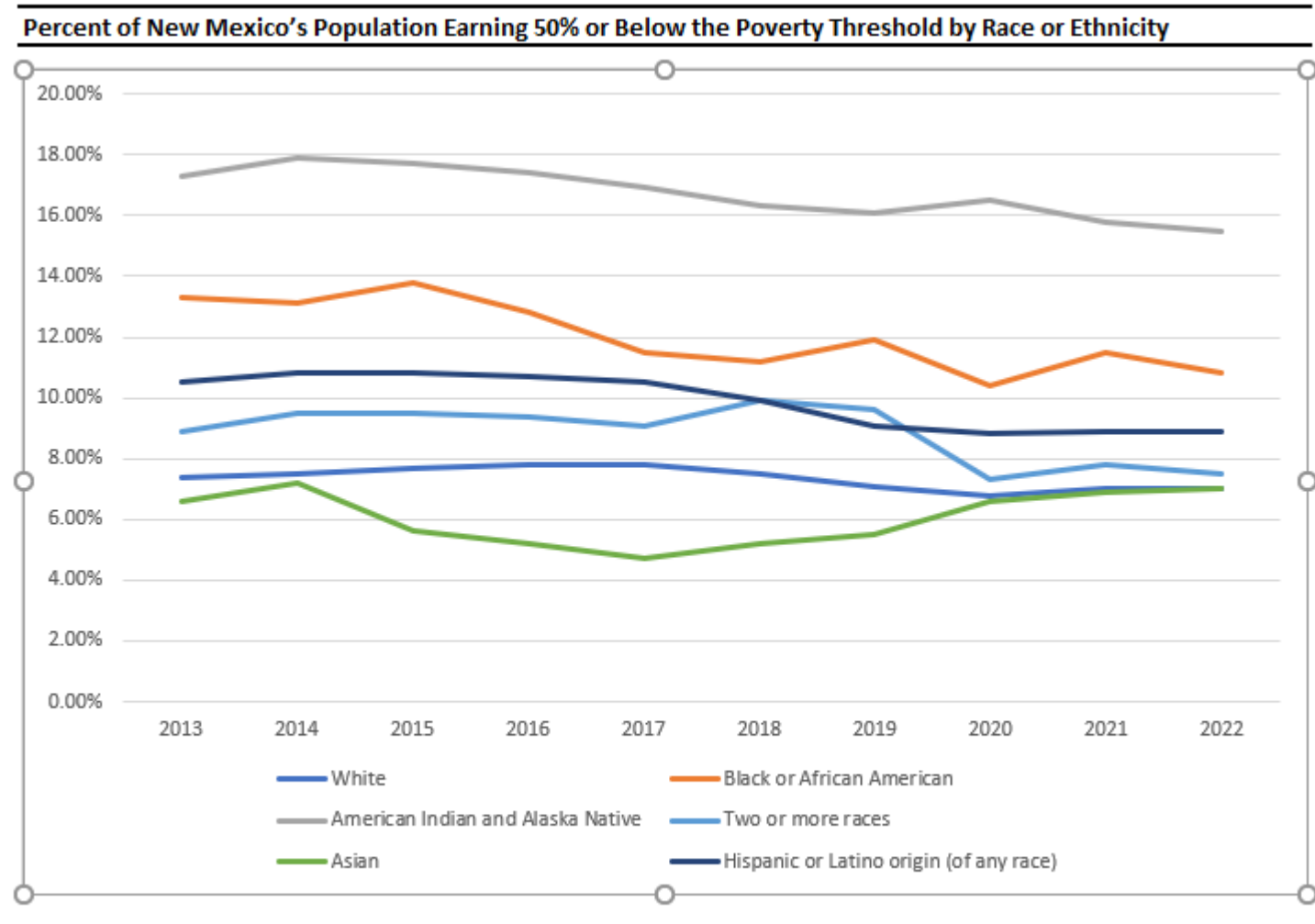
# Appendix 9c: New Mexico Poverty Levels by Ethnicity

➤ 10 year average of % of population 50% or below the poverty threshold

- AM/AI: 16.8%
- Black or African American: 12.0%
- Hispanic or Latino: 10.0%
- 2+ Races: 9.9%
- White: 7.4%
- Asian: 6.0%

➤ Annual income at 50% of the poverty level (2022)

- Family of 4: \$13,875/yr
- Family of 6: \$18,595/yr

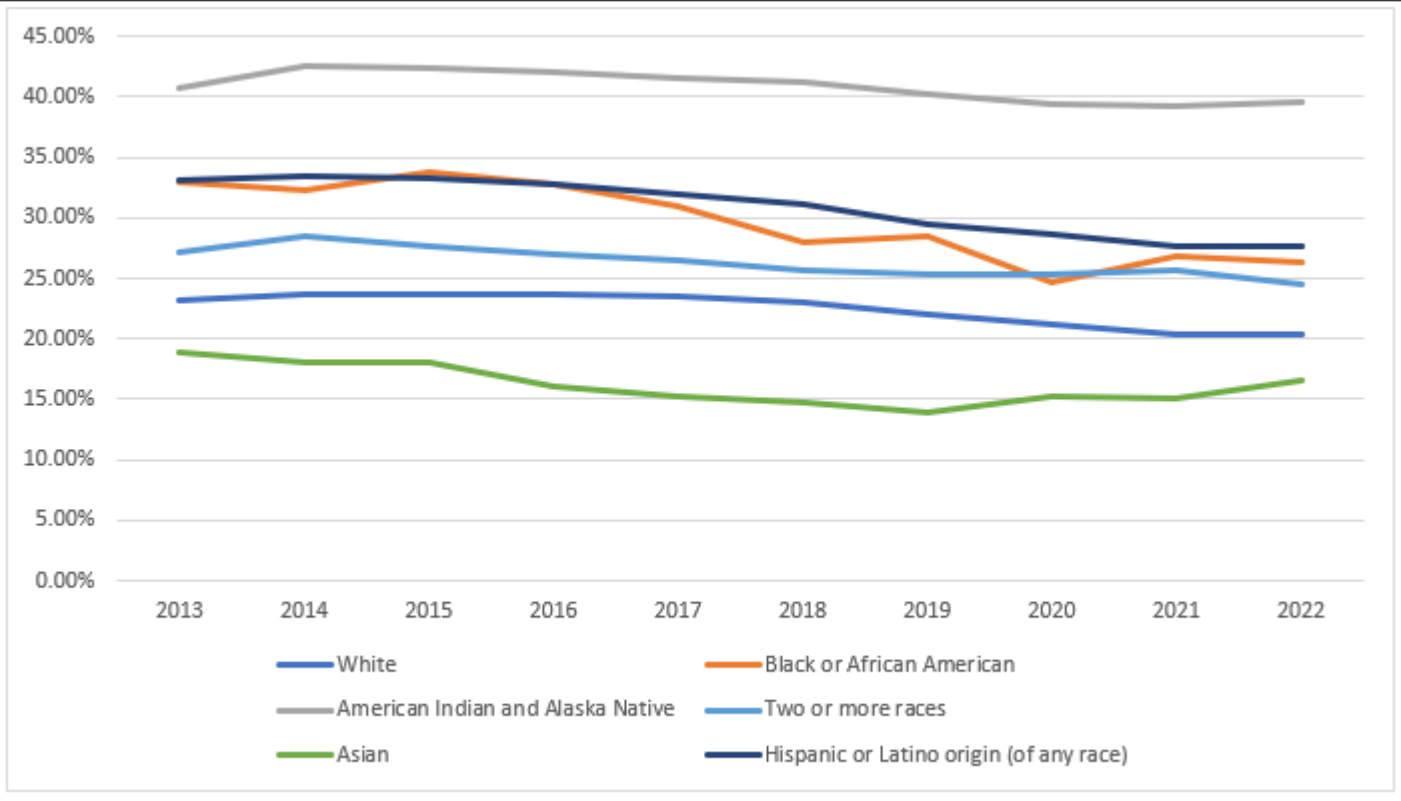


Source: U.S. Census Bureau, ACS 5-year Estimates; Table S1703, 2013-2022

# Appendix 9d: New Mexico Poverty by Ethnicity

- Annual income at 125% of the poverty threshold (2022)
  - Family of 4: \$34,688/yr
  - Family of 6: \$46,488/yr
  
- Transfer payments may have been sufficient to lower the poverty rates at a given threshold level

**Percent of New Mexico's Population Earning 125% or Below the Poverty Threshold by Race or Ethnicity**



Source: U.S. Census Bureau, ACS 5-year Estimates; Table S1703, 2013-2022