

# Consensus General Fund Revenue Estimate Update

Demesia Padilla, CPA, Secretary of Taxation and Revenue

Thomas E. Clifford, PhD, Secretary of Finance and Administration

December 9, 2013

Presented to

Legislative Finance Committee

## SUMMARY:

- The consensus revenue estimating group has reviewed and updated the General Fund revenue outlook that was prepared last August. The consensus group is comprised of career economists from the executive and legislative branches.
- FY13 revenue was \$52 million greater than the August forecast. The largest increase was in personal income tax, which added \$30 million, and reversions which added \$15 million.
- FY14 recurring revenue is \$84 million over the August estimate, largely due to a reduction in estimated High Wage Jobs Tax Credits, growth in personal income tax and reversions, and stronger oil and natural gas receipts.
- Changes to FY15 recurring revenues are offsetting, leading to a net decrease of \$3 million compared to the August forecast.
- After these revisions, total recurring revenue is estimated to have fallen 1.6 percent in FY13, but is projected to grow by 2.7 percent in FY14 and by 5.5 percent in FY15. Table 1 provides a summary of the revisions to previously estimated revenues.
- “New money” – FY15 revenue less FY14 appropriations – is estimated at \$293 million, equivalent to 5 percent of FY14 appropriations.
- Reserves were 10.6% of recurring appropriations in FY13 and are projected at 9.3% in FY14.
- While the revenue outlook is generally positive, it relies on elevated oil prices that may prove optimistic if the unprecedented boom in domestic oil production continues or if expected growth in emerging markets does not materialize. The state should maintain reserves of at least 10% in order to mitigate this and other potential risks to the outlook.

**Table 1**  
**December 2013 Consensus General Fund Recurring Revenue Estimate Update**

(Million Dollars)

	<u><b>FY13</b></u>	<u><b>FY14</b></u>	<u><b>FY15</b></u>	<u><b>FY16</b></u>	<u><b>FY17</b></u>	<u><b>FY18</b></u>
August 2013 Forecast	5,656	5,780	6,189	6,361	6,514	6,710
December 2013 revisions	52	84	(3)	26	69	44
<b>December 2013 Estimates</b>	<b>5,708</b>	<b>5,864</b>	<b>6,186</b>	<b>6,387</b>	<b>6,583</b>	<b>6,754</b>
Annual percent change	-1.6%	2.7%	5.5%	3.3%	3.1%	2.6%

**DECEMBER FORECAST REVISIONS:**

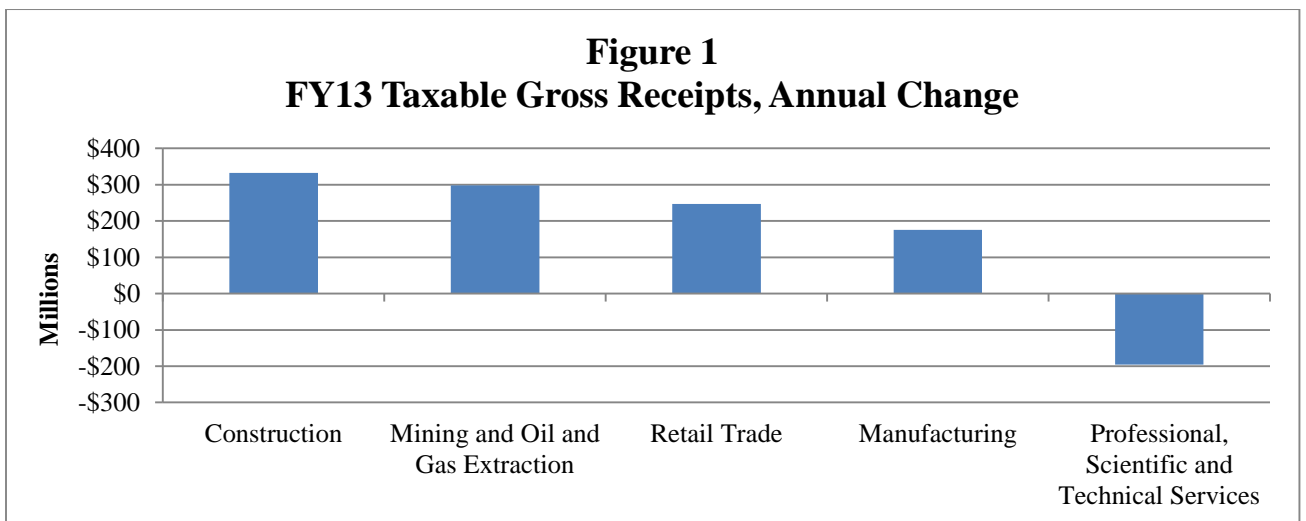
- Table 2 summarizes the major changes by revenue from the August 2013 revenue estimates.
- Gross receipts tax (GRT) revenues came down due to higher-than-expected sequester impacts but went up in FY14 due to lower High Wage Jobs Tax Credit payments.
- Insurance tax went down due to the delayed roll-out of the Affordable Care Act and increased due to a lower estimate of credits for New Mexico Medical Insurance Pool assessments.
- Personal income tax (PIT) went up due to higher realized collections and lower forecast jobs credits.
- Corporate income tax (CIT) is now expected to rebound more gradually over the next several years than in the August forecast, a reflection of national trends.
- “Other” revenue increased due to improved investment results in the Land Grant Permanent Fund and higher forecast earnings on Treasurer’s balances.
- Revisions to oil and gas revenues were minor.

**Table 2**  
**December 2013 Major Forecast Revisions by Revenue**  
(Comparison to August 2013 Forecast, Million Dollars)

	<u><b>FY13</b></u>	<u><b>FY14</b></u>	<u><b>FY15</b></u>	<u><b>FY16</b></u>	<u><b>FY17</b></u>	<u><b>FY18</b></u>
Gross Receipts Tax	(4.3)	29.0	(12.0)	(12.0)	0.0	(9.0)
Compensating Tax	(1.6)	8.9	(1.2)	(2.1)	(2.0)	(2.9)
Insurance Taxes	6.5	(16.2)	21.1	38.4	52.3	61.9
Personal Income Tax	30.9	21.0	10.0	10.0	20.0	0.0
Corporate Income Tax	7.2	1.2	(48.7)	(22.2)	(34.4)	(52.5)
Severance Taxes	(1.6)	14.7	3.6	5.1	9.1	11.2
Rents & Royalties	(5.4)	5.2	23.9	(7.3)	(7.1)	(7.1)
Other	20.1	20.2	0.3	16.4	31.3	42.2
<b>Total Recurring Revenue</b>	<b>51.8</b>	<b>84.0</b>	<b>(3.1)</b>	<b>26.2</b>	<b>69.2</b>	<b>43.8</b>

**TRENDS IN MAJOR REVENUES:**

Gross receipts tax growth was sluggish in FY13 but is expected to recover well over the next several years. In part this reflects the gradual reduction of “hold harmless” payments to local governments, which begins to take effect in FY16. FY13 GRT growth was held down by federal budget austerity. In addition to spending restraint at the State’s numerous federal facilities, expiring payroll tax cuts also put a damper on revenue growth in 2013, amounting to a direct reduction in disposable income of about \$500 million. Figure 1 illustrates the largest movements in the GRT base by major industry. Tighter federal spending is evident in the decrease of Professional, Scientific and Technical Services taxable gross receipts (TGR). Although Retail spending increased, the growth was a modest percentage of the large base. The largest increases included the oil and gas extraction and mining and construction sectors. Manufacturing TGR also increased significantly, but this is most likely a shift from the utilities sector pursuant to legislative changes enacted in 2012 and 2013. Appendix 4 includes a summary of FY14 first quarter TGR growth by sector. Total TGR grew by 3.2%, led by Professional and Scientific services which grew 7.3%.



As previously reported, claims for the High Wage Jobs Tax Credit (HWJTC) increased dramatically in anticipation of 2013 legislative changes, which significantly tightened eligibility rules. In August potential claims were estimated at about \$100 million but due to higher rates of denial these claims are now estimated at \$65 million in FY14. New requirements will reduce the fiscal impact and also improve targeting of the Credit to economic base “high wage jobs.”

Insurance premiums taxes are subject to uncertainty surrounding the implementation of the Patient Protection and Affordable Care Act (PPACA). There is potential for significant increases in the tax, due to expanded sales of private insurance, expanded Medicaid coverage, and reduced credit claims for New Mexico

Medical Insurance Pool assessments. The December premiums tax estimate has been reduced in response to difficulties with the rollout of the PPACA, including Congressional and Executive actions to delay portions of the Act.

Personal income tax collections increased by almost 8% in FY13. In part this increase appears to be due to a one-time speed-up of capital gains realizations in response to changes in federal law. Although the amount of this shift is still uncertain, the forecast assumes it was large enough that total collections will decline slightly in FY14 before resuming a more normal rate of growth in FY15.

CIT collections were revised downward to reflect lower FY13 revenue and more pessimistic national forecasts of total industrial production. Poor export growth, sluggish federal spending and monetary tightening are expected to limit growth of industrial production and hence corporate profits. The forecast assumes the \$50 million cap on film production tax credits is reached in all years. 2013 legislative session changes will begin to affect corporate income tax collections in FY14. The top corporate tax rate, long one of the highest in the region<sup>[1]</sup>, will be reduced from 7.6% to 5.9% over five years, beginning in Tax Year 2014. Although these changes will reduce corporate income taxes gradually over the next several years, they create a more favorable environment for businesses to locate in New Mexico. Increased investment in response to this incentive should contribute to a greater corporate tax base, as well as increasing personal income tax and state and local gross receipts taxes.

The oil and gas revenue forecast increased due to much higher oil production volumes and prices. Revenues from natural gas production continue to be somewhat lower than had previously been expected. However, the continuing development of multi-lateral wells throughout New Mexico is a substantial source of optimism moving forward.

#### **NATIONAL ECONOMIC OUTLOOK:**

Inflation-adjusted U.S. economic output (GDP) grew 2.0% in FY13, as the economy was constrained by federal fiscal policy. Additionally, business investment in FY13 remained low and the housing recovery slowed as concerns of an exit by the Federal Reserve from its bond buying program caused fixed-mortgage rates to increase. Moody's Analytics forecasts that the Federal Reserve will postpone any reductions in its bond buying program until Spring 2014, at which point it will begin to taper these purchases. Unemployment remains a concern and ended FY13 at a rate of 7.6% according to figures produced by the Bureau of Labor Statistics.

---

<sup>[1]</sup> Among New Mexico (7.6%), Arizona (6.968%), California (8.84%), Colorado (4.63%), Kansas (7.0%), Oklahoma (6.0%) and Utah (5.0%), only California has a higher top corporate income tax rate than New Mexico's prior to the changes. Texas' tax system is substantially different from New Mexico, which makes direct comparison difficult. Nonetheless, Texas has no corporate income tax.

U.S. GDP growth is expected to remain relatively unchanged at 2.1% in FY14 even though fiscal headwinds are projected to subtract less from growth and housing is anticipated to improve due to tight supply and pent-up demand. The unemployment rate is expected to decrease to 7.0% by the end of FY14 as private residential construction, and the oil and natural gas sectors lead employment growth. Inflation is forecast to remain under 2.0% which will allow the Federal Reserve to maintain low interest rates, supporting business investment and demand for durable goods such as automobiles.

#### **NEW MEXICO ECONOMY:**

New Mexico was significantly impacted by the sequester and federal budget cuts as federal spending on the state's research labs and military bases are large contributors to the overall state economy. FY13 Taxable Gross Receipts growth was only slightly depressed, however, increasing 2.2% over FY12. The outlook for FY14 is improved with inflation-adjusted economic output for the state anticipated to increase by 2.4%. The unemployment rate in New Mexico averaged 6.8% in FY13, lower than the national average of 7.6%. Sectors contributing to growth were Oil and Gas Production, Tourism, Construction and Financial Services. Government employment detracted from job growth. Future federal spending cuts remain a potential threat to more robust economic growth for the state.

#### **ENERGY MARKETS:**

New Mexico oil production was greater than anticipated in FY13 with volumes increasing 17.5% over FY12. This increase has pushed up the volume forecast in all years, however, growth is expected to moderate due to transportation bottlenecks. New Mexico crude oil prices averaged \$85.82 per barrel (bbl) in FY13, and are expected to average \$93.00 per bbl in FY14 and \$86.50 per bbl in FY15. These prices are slightly lower than the August outlook, reflecting the recent decline in West Texas Intermediate prices, which were above \$100 per barrel in the early months of FY14 due in part to political tensions in the Middle East which have since dissipated.

Natural gas prices in New Mexico averaged \$4.40 per thousand cubic feet (mcf) in FY13, about \$0.60 below FY12. These average prices are about \$1.00 per mcf higher than dry gas prices due to the value of natural gas liquids. The consensus forecast has natural gas prices averaging \$4.85 in FY14 and \$5.10 in FY15. These prices are lower than the August forecast, reflecting the slight decline in FY13 from previous estimates. Natural gas volumes were 4.2% lower in FY13 compared to FY12, and are projected to decrease in FY14 and FY15 due to the unfavorable financial outlook for natural gas.

<b>Crude Oil and Natural Gas Outlook</b>	<b>FY13</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>	<b>FY17</b>	<b>FY18</b>
NM Oil Price (\$/barrel)	\$85.82	\$93.00	\$86.50	\$84.50	\$83.50	\$83.50
NM Taxable Oil Volumes (million barrels)	94.2	99.0	103.0	106.0	108.0	109.0
NM Gas Price (\$ per thousand cubic feet)	\$4.40	\$4.85	\$5.10	\$5.20	\$5.30	\$5.35
NM Taxable Gas Volumes (billion cubic feet)	1,175	1,130	1,090	1,050	1,010	970

Source: Consensus Revenue Estimating Group.

### **FORECAST RISKS:**

Federal policies on balance pose a negative risk to this outlook. The December forecast adjusts for temporary sequestration of Federal Mineral Leasing revenue in federal Fiscal Year 2014, and assumes these revenues will be returned to the state in early FY15. If this assumption proves untrue, this could decrease the forecast by an additional \$40 million in FY15. The extension of sequestration could also impact gross receipts revenues and personal income growth in FY15 and beyond. The FY14 forecast assumes strong oil prices. That assumption is based on rapid growth of demand in emerging market economies and continuing challenges to oil supply in key exporting nations.

Positive risks to the forecast include potential for stronger growth in Personal Income and Corporate Income Tax revenues than forecast.

### **GENERAL FUND FINANCIAL SUMMARY: (Appendix 2)**

With the revised revenue forecast, FY13 appropriations exceeded revenues by \$40 million, leaving FY13 ending balances of \$598.7 million or 10.6 percent of appropriations. The FY14 deficit has been reduced to \$30 million in the December forecast from \$114 million in August, leaving reserves at an estimated 9.3% of recurring appropriations. FY15 recurring revenue of \$6,189 million less FY14 recurring appropriations of \$5,893 million leaves “new money” of \$293 million.

The FY12 CAFR review suggested that an additional \$31.7 million should be reserved as a contingent liability for reconciling previously unreconciled cash transactions, bringing the total amount reserved as of the end of FY12 to \$101.7 million. This figure is still preliminary as a complete reconciliation of outstanding issues will require a significant amount of additional work.

House Bill 628 of the 2013 legislative session created contingent appropriations for the Special Education Maintenance of Effort of \$20 million in FY13 and \$16 million in FY14. These amounts are reflected as appropriations from the Operating Reserve.

Tobacco settlement revenue and distributions were reduced by \$20 million in FY14 as a result of recent arbitration that found New Mexico did not diligently enforce the collection of escrow payments by non-

participating cigarette manufacturers in 2003. Distributions in FY15 and later years will not be affected by this decision, but could still be subject to reductions under future arbitration decisions. FY13 earnings on the tobacco permanent fund were double the amount projected in August.

**BOND CAPACITY UPDATE: (Appendix 3)**

General Obligation (GO) Bond capacity is estimated at \$167 million, a slight increase from the August estimate. Senior Severance Tax Bond (STB) capacity is estimated at \$284.7 million, a slight decrease from August. After subtracting previously authorized project funding and legislative earmarks, STB capacity for new projects is estimated at \$184.8 million. Supplemental Severance Tax Bond (SSTB) funding for public school projects is estimated at \$175.2 million. A total of \$626.9 million of new capital outlay funds are available.

General Fund Revenue Estimate  
December 2013

	FY13		FY14				FY15			
	Unaudited	% Change from FY12	Aug. 2013	Dec. 2013	Change from Prior	% Change from FY13	Aug. 2013	Dec. 2013	Change from Prior	% Change from FY14
Gross Receipts Tax	1,917.7	-0.6%	1,947.3	1,976.2	29.0	3.1%	2,105.0	2,093.0	(12.0)	5.9%
Compensating Tax	50.9	-18.0%	41.5	50.4	8.9	-1.0%	53.3	52.1	(1.2)	3.4%
<b>TOTAL GENERAL SALES</b>	<b>1,968.6</b>	<b>-1.1%</b>	<b>1,988.8</b>	<b>2,026.6</b>	<b>37.9</b>	<b>2.9%</b>	<b>2,158.3</b>	<b>2,145.1</b>	<b>(13.2)</b>	<b>5.8%</b>
Tobacco Taxes	86.1	0.8%	83.2	83.6	0.4	-2.9%	82.3	82.5	0.2	-1.3%
Liquor Excise	26.2	0.4%	26.7	27.3	0.6	4.2%	26.9	27.5	0.6	0.7%
Insurance Taxes	107.5	-5.8%	142.9	126.7	(16.2)	17.9%	160.9	182.0	21.1	43.6%
Fire Protection Fund Reversion	18.3	-2.7%	16.6	17.4	0.8	-4.9%	15.7	16.5	0.8	-5.3%
Motor Vehicle Excise	125.5	9.4%	133.1	133.2	0.1	6.1%	136.6	137.5	0.9	3.2%
Gaming Excise	63.1	-3.7%	63.8	64.4	0.6	2.1%	64.6	65.5	0.9	1.7%
Leased Vehicle Surcharge	5.1	-5.6%	5.5	5.5	-	7.8%	5.5	5.5	0.0	0.5%
Other	(2.7)	-136.0%	2.4	2.4	0.0	-188.9%	2.4	2.4	(0.0)	0.0%
<b>TOTAL SELECTIVE SALES</b>	<b>429.1</b>	<b>-1.9%</b>	<b>474.2</b>	<b>460.5</b>	<b>(13.7)</b>	<b>7.3%</b>	<b>494.9</b>	<b>519.4</b>	<b>24.5</b>	<b>12.8%</b>
Personal Income Tax	1,240.9	7.9%	1,190.6	1,211.5	21.0	-2.4%	1,270.0	1,280.0	10.0	5.7%
Corporate Income Tax	267.2	-4.9%	277.8	279.0	1.2	4.4%	337.7	289.0	(48.7)	3.6%
<b>TOTAL INCOME TAXES</b>	<b>1,508.1</b>	<b>5.4%</b>	<b>1,468.4</b>	<b>1,490.5</b>	<b>22.2</b>	<b>-1.2%</b>	<b>1,607.7</b>	<b>1,569.0</b>	<b>(38.7)</b>	<b>5.3%</b>
Oil and Gas School Tax	379.9	-4.9%	413.7	427.1	13.4	12.4%	417.2	421.2	4.0	-1.4%
Oil Conservation Tax	20.8	-3.3%	22.3	23.3	1.0	12.0%	22.5	22.9	0.4	-1.7%
Resources Excise Tax	13.5	12.5%	11.5	11.5	-	-14.8%	11.5	11.5	-	0.0%
Natural Gas Processors Tax	24.2	3.9%	15.5	15.8	0.3	-34.7%	18.6	17.8	(0.8)	12.7%
<b>TOTAL SEVERANCE TAXES</b>	<b>438.4</b>	<b>-3.9%</b>	<b>463.0</b>	<b>477.7</b>	<b>14.7</b>	<b>9.0%</b>	<b>469.8</b>	<b>473.4</b>	<b>3.6</b>	<b>-0.9%</b>
LICENSE FEES	50.0	0.8%	51.6	49.9	(1.7)	-0.2%	52.8	50.6	(2.2)	1.4%
LGPF Interest	440.9	-4.5%	445.0	445.3	0.3	1.0%	486.0	489.4	3.4	9.9%
STO Interest	14.7	-15.5%	16.0	12.1	(3.9)	-17.7%	17.0	13.5	(3.5)	11.6%
STPF Interest	176.2	-3.9%	170.5	170.4	(0.1)	-3.3%	179.4	179.4	-	5.3%
<b>TOTAL INTEREST</b>	<b>631.8</b>	<b>-4.6%</b>	<b>631.5</b>	<b>627.8</b>	<b>(3.7)</b>	<b>-0.6%</b>	<b>682.4</b>	<b>682.3</b>	<b>(0.1)</b>	<b>8.7%</b>
Federal Mineral Leasing	459.6	-8.6%	483.8	490.0	6.2	6.6%	495.0	520.0	25.0	6.1%
State Land Office	44.6	-51.8%	48.6	47.6	(1.0)	6.7%	48.7	47.6	(1.1)	0.0%
<b>TOTAL RENTS &amp; ROYALTIES</b>	<b>504.2</b>	<b>-15.3%</b>	<b>532.4</b>	<b>537.6</b>	<b>5.2</b>	<b>6.6%</b>	<b>543.7</b>	<b>567.6</b>	<b>23.9</b>	<b>5.6%</b>
TRIBAL REVENUE SHARING	70.7	3.7%	69.8	72.5	2.7	2.5%	70.9	74.4	3.5	2.6%
MISCELLANEOUS RECEIPTS	41.3	-8.4%	52.9	49.2	(3.7)	19.1%	53.5	51.2	(2.3)	4.1%
REVERSIONS	65.8	-0.2%	47.3	71.4	24.1	8.5%	55.0	53.0	(2.0)	-25.8%
<b>TOTAL RECURRING</b>	<b>5,708.0</b>	<b>-1.6%</b>	<b>5,779.7</b>	<b>5,863.7</b>	<b>84.0</b>	<b>2.7%</b>	<b>6,189.1</b>	<b>6,186.0</b>	<b>(3.1)</b>	<b>5.5%</b>
TOTAL NON-RECURRING*	0.6	-95.9%	(0.9)	-	0.9	-100.0%	-	-	-	#DIV/0!
<b>GRAND TOTAL</b>	<b>5,708.6</b>	<b>-1.9%</b>	<b>5,778.8</b>	<b>5,863.7</b>	<b>84.9</b>	<b>2.7%</b>	<b>6,189.1</b>	<b>6,186.0</b>	<b>(3.1)</b>	<b>5.5%</b>

General Fund Revenue Estimate  
December 2013

	FY16				FY17				FY18			
	Aug. 2013	Dec. 2013	Change from Prior	% Change from FY15	Aug. 2013	Dec. 2013	Change from Prior	% Change from FY16	Aug. 2013	Dec. 2013	Change from Prior	% Change from FY17
Gross Receipts Tax	2,208.0	2,196.0	(12.0)	4.9%	2,312.0	2,312.0	-	5.3%	2,418.0	2,409.0	(9.0)	4.2%
Compensating Tax	53.3	51.2	(2.1)	-1.7%	53.3	51.3	(2.0)	0.2%	53.3	50.4	(2.9)	-1.8%
<b>TOTAL GENERAL SALES</b>	<b>2,261.3</b>	<b>2,247.2</b>	<b>(14.1)</b>	<b>4.8%</b>	<b>2,365.3</b>	<b>2,363.3</b>	<b>(2.0)</b>	<b>5.2%</b>	<b>2,471.3</b>	<b>2,459.4</b>	<b>(11.9)</b>	<b>4.1%</b>
Tobacco Taxes	81.5	81.6	0.1	-1.1%	80.7	80.6	(0.1)	-1.2%	80.0	79.7	(0.3)	-1.1%
Liquor Excise	27.2	27.7	0.5	0.7%	27.6	28.2	0.6	1.8%	28.0	28.6	0.6	1.4%
Insurance Taxes	172.3	210.7	38.4	15.8%	183.2	235.5	52.3	11.8%	193.8	255.7	61.9	8.6%
Fire Protection Fund Reversion	14.8	15.5	0.7	-6.1%	13.7	14.3	0.6	-7.3%	12.0	12.6	0.6	-11.9%
Motor Vehicle Excise	140.8	142.8	2.0	3.9%	145.8	146.7	0.9	2.7%	149.2	149.8	0.6	2.1%
Gaming Excise	65.2	66.7	1.5	1.8%	66.0	68.1	2.1	2.1%	67.0	67.0	-	-1.6%
Leased Vehicle Surcharge	5.6	5.6	(0.0)	1.0%	5.6	5.6	0.0	1.0%	5.7	5.7	-	1.1%
Other	2.4	2.4	-	0.0%	2.4	2.4	-	0.0%	2.4	2.4	-	0.0%
<b>TOTAL SELECTIVE SALES</b>	<b>509.8</b>	<b>553.0</b>	<b>43.2</b>	<b>6.5%</b>	<b>525.0</b>	<b>581.5</b>	<b>56.5</b>	<b>5.2%</b>	<b>538.1</b>	<b>601.5</b>	<b>63.4</b>	<b>3.4%</b>
Personal Income Tax	1,325.0	1,335.0	10.0	4.3%	1,380.0	1,400.0	20.0	4.9%	1,435.0	1,435.0	-	2.5%
Corporate Income Tax	298.2	276.0	(22.2)	-4.5%	278.4	244.0	(34.4)	-11.6%	258.5	206.0	(52.5)	-15.6%
<b>TOTAL INCOME TAXES</b>	<b>1,623.2</b>	<b>1,611.0</b>	<b>(12.2)</b>	<b>2.7%</b>	<b>1,658.4</b>	<b>1,644.0</b>	<b>(14.4)</b>	<b>2.0%</b>	<b>1,693.5</b>	<b>1,641.0</b>	<b>(52.5)</b>	<b>-0.2%</b>
Oil and Gas School Tax	414.1	419.5	5.4	-0.4%	408.6	417.9	9.3	-0.4%	404.2	415.3	11.1	-0.6%
Oil Conservation Tax	22.4	22.9	0.5	0.0%	22.1	22.8	0.7	-0.4%	22.0	22.8	0.8	0.0%
Resources Excise Tax	11.5	11.5	-	0.0%	11.5	11.5	-	0.0%	11.5	11.5	-	0.0%
Natural Gas Processors Tax	18.9	18.1	(0.8)	1.7%	18.9	18.0	(0.9)	-0.6%	18.3	17.6	(0.7)	-2.2%
<b>TOTAL SEVERANCE TAXES</b>	<b>466.9</b>	<b>472.0</b>	<b>5.1</b>	<b>-0.3%</b>	<b>461.1</b>	<b>470.2</b>	<b>9.1</b>	<b>-0.4%</b>	<b>456.0</b>	<b>467.2</b>	<b>11.2</b>	<b>-0.6%</b>
LICENSE FEES	54.1	51.2	(2.9)	1.2%	55.2	52.1	(3.1)	1.8%	56.6	53.3	(3.3)	2.3%
LGPF Interest	521.0	529.9	8.9	8.3%	503.0	516.0	13.0	-2.6%	541.0	559.2	18.2	8.4%
STO Interest	28.0	28.0	-	107.4%	47.0	57.0	10.0	103.6%	50.0	67.0	17.0	17.5%
STPF Interest	185.5	186.1	0.6	3.7%	190.1	191.4	1.3	2.8%	197.3	199.4	2.1	4.2%
<b>TOTAL INTEREST</b>	<b>734.5</b>	<b>744.0</b>	<b>9.5</b>	<b>9.0%</b>	<b>740.1</b>	<b>764.4</b>	<b>24.3</b>	<b>2.7%</b>	<b>788.3</b>	<b>825.6</b>	<b>37.3</b>	<b>8.0%</b>
Federal Mineral Leasing	495.0	490.0	(5.0)	-5.8%	490.0	485.0	(5.0)	-1.0%	485.0	480.0	(5.0)	-1.0%
State Land Office	49.0	46.7	(2.3)	-1.9%	48.8	46.7	(2.1)	0.0%	48.8	46.7	(2.1)	0.0%
<b>TOTAL RENTS &amp; ROYALTIES</b>	<b>544.0</b>	<b>536.7</b>	<b>(7.3)</b>	<b>-5.4%</b>	<b>538.8</b>	<b>531.7</b>	<b>(7.1)</b>	<b>-0.9%</b>	<b>533.8</b>	<b>526.7</b>	<b>(7.1)</b>	<b>-0.9%</b>
TRIBAL REVENUE SHARING	73.4	77.7	4.3	4.4%	74.5	79.7	5.2	2.6%	75.7	81.7	6.0	2.5%
MISCELLANEOUS RECEIPTS	54.2	54.9	0.7	7.2%	55.5	56.2	0.7	2.5%	56.8	57.5	0.7	2.2%
REVERSIONS	40.0	40.0	-	-24.5%	40.0	40.0	-	0.0%	40.0	40.0	-	0.0%
<b>TOTAL RECURRING</b>	<b>6,361.4</b>	<b>6,387.6</b>	<b>26.2</b>	<b>3.3%</b>	<b>6,513.9</b>	<b>6,583.1</b>	<b>69.2</b>	<b>3.1%</b>	<b>6,710.1</b>	<b>6,753.9</b>	<b>43.8</b>	<b>2.6%</b>
TOTAL NON-RECURRING*	-	-	-	#DIV/0!	-	-	-	#DIV/0!	-	-	-	#DIV/0!
<b>GRAND TOTAL</b>	<b>6,361.4</b>	<b>6,387.6</b>	<b>26.2</b>	<b>3.3%</b>	<b>6,513.9</b>	<b>6,583.1</b>	<b>69.2</b>	<b>3.1%</b>	<b>6,710.1</b>	<b>6,753.9</b>	<b>43.8</b>	<b>2.6%</b>

**Department of Finance and Administration**  
**GENERAL FUND FINANCIAL SUMMARY**  
**December 2013 Consensus Forecast**  
**(Dollars in Millions)**

	<u>Prelim FY2013</u>	<u>Estimated FY2014</u>	<u>Estimated FY2015</u>
<b>APPROPRIATION ACCOUNT</b>			
<b>REVENUE</b>			
Recurring Revenue			
August 2013 Consensus Forecast	\$ 5,656.2	\$ 5,779.7	\$ 6,189.1
<i>December 2013 forecast revisions</i>	<i>\$ 51.8</i>	<i>\$ 84.0</i>	<i>\$ (3.1)</i>
<b>Total Recurring Revenue</b>	<b>\$ 5,708.0</b>	<b>\$ 5,863.7</b>	<b>\$ 6,186.0</b>
Nonrecurring Revenue			
August 2013 Consensus Forecast	\$ (5.0)	\$ (0.9)	\$ -
<i>December 2013 forecast revisions</i>	<i>\$ 5.6</i>	<i>\$ 0.9</i>	<i>\$ -</i>
<b>Total Non-Recurring Revenue</b>	<b>\$ 0.6</b>	<b>\$ (0.0)</b>	<b>\$ -</b>
<b>TOTAL REVENUE</b>	<b>\$ 5,708.6</b>	<b>\$ 5,863.7</b>	<b>\$ 6,186.0</b>
<b>APPROPRIATIONS</b>			
Recurring Appropriations			
Recurring Appropriations	\$ 5,635.5	\$ 5,878.6	FY15 "new money" is \$293
2011 & 2012 Sessions - Feed Bill*	14.1		
<i>2013 Regular Session - Feed Bill*</i>	<i>9.3</i>	<i>14.4</i>	
<b>Total Recurring Appropriations</b>	<b>\$ 5,658.9</b>	<b>\$ 5,892.9</b>	
Nonrecurring Appropriations			
2011 & 2012 Sessions	\$ -		
2012 Audit	\$ 23.7		
<i>2013 Regular Session</i>	<i>\$ 65.7</i>	<i>\$ -</i>	<i>\$ -</i>
<b>Total Nonrecurring Appropriations</b>	<b>\$ 89.4</b>	<b>\$ -</b>	<b>\$ -</b>
<b>TOTAL APPROPRIATIONS</b>	<b>\$ 5,748.3</b>	<b>\$ 5,892.9</b>	<b>\$ -</b>
Transfer to (from) Reserves	\$ (39.7)	\$ (29.2)	
<b>GENERAL FUND RESERVES</b>			
Beginning Balances	\$ 712.9	\$ 598.7	
Transfers from (to) Appropriations Account	(39.7)	(29.2)	
Revenue and Reversions	75.8	49.3	
Appropriations, expenditures and transfers out	(150.3)	(70.5)	
<b>Ending Balances</b>	<b>\$ 598.7</b>	<b>\$ 548.3</b>	
<i>Reserves as a Percent of Recurring Appropriations</i>	<i>10.6%</i>	<i>9.3%</i>	

\*Legislative session expenses treated as recurring revenue.

**Department of Finance and Administration**  
**GENERAL FUND FINANCIAL SUMMARY (Continued)**  
**RESERVE DETAIL**  
**(Dollars in Millions)**

	<b>Prelim FY2013</b>	<b>Estimated FY2014</b>	<b>Estimated FY2015</b>
<b>OPERATING RESERVE</b>			
Beginning balance	\$ 346.8	\$ 254.6	\$ 190.3
BOF Emergency Fund and reversions	(0.9)	(2.0)	(2.0)
<i>Contingent Liability for Cash Reconciliation, FY13 Audit</i>	(31.7)	-	-
<i>Contingent Liability for PED MOE (HB628, 2013)</i>	(20.0)	(16.0)	-
<i>Transfer to ACF for sequestration (2013 GAA)</i>	-	(17.0)	-
Transfers from (to) appropriation account	(39.7)	(29.2)	-
Ending balance	\$ 254.6	\$ 190.3	\$ 188.3
<b>APPROPRIATION CONTINGENCY FUND</b>			
Beginning balance	\$ 29.5	\$ 16.3	\$ 17.3
Disaster allotments	(28.4)	(16.0)	(16.0)
<i>Transfer from Oper Reserve to ACF (2012 &amp; 2013 GAA)</i>	-	17.0	-
Revenue and reversions	15.3	-	-
Ending Balance	\$ 16.3	\$ 17.3	\$ 1.3
<b>Education Lock Box</b>			
Beginning balance	\$ 39.1	\$ 9.1	\$ 9.1
Appropriations (2010, 2011 and 2012 GAA Section 5)	(30.0)	-	-
Transfers in (out)	-	-	-
Ending balance	\$ 9.1	\$ 9.1	\$ 9.1
<b>STATE SUPPORT FUND</b>			
Beginning balance	\$ 1.0	\$ 1.0	\$ 1.0
Revenues	\$ -	\$ -	\$ -
Appropriations	\$ -	\$ -	\$ -
Ending balance	\$ 1.0	\$ 1.0	\$ 1.0
<b>TOBACCO PERMANENT FUND</b>			
Beginning balance	\$ 149.0	\$ 170.2	\$ 183.0
Transfers in	39.3	19.5	39.5
Appropriation to tobacco settlement program fund	(19.7)	(9.8)	(19.8)
Gains/Losses	21.2	12.8	13.7
Additional transfers to Program Fund	(19.7)	-	-
<i>SB113 - Tobacco Fund for CYFD Programs &amp; Lottery Scholarship</i>	-	(9.8)	-
Ending balance	\$ 170.2	\$ 183.0	\$ 216.5
<b>TAX STABILIZATION RESERVE</b>			
Beginning balance	\$ 147.5	\$ 147.5	\$ 147.5
Transfers in	-	-	-
Ending balance	\$ 147.5	\$ 147.5	\$ 147.5
<b>GENERAL FUND ENDING BALANCES</b>			
<i>Percent of Recurring Appropriations</i>	10.6%	9.3%	

*Sources and Uses of Funds  
Bonding Capacity Available for Authorization  
December 2013 Estimate*

<b>Sources of Funds (millions)</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>	<b>FY17</b>	<b>FY18</b>	<b>Five-Year</b>
<b>General Obligation Bonds</b>	167.0	-	190.0	-	190.0	547.0
Severance Tax Bonds	199.2	194.2	194.2	194.2	194.2	976.0
Severance Tax Notes	85.5	107.7	86.0	68.1	56.3	403.6
<b>Subtotal Senior STBs</b>	<b>284.7</b>	<b>301.9</b>	<b>280.2</b>	<b>262.3</b>	<b>250.5</b>	<b>1,379.6</b>
Supplemental Severance Tax Bonds	-	-	-	-	-	-
Supplemental Severance Tax Notes	175.2	205.8	203.8	198.9	193.7	977.3
<b>Subtotal Supplemental STBs</b>	<b>175.2</b>	<b>205.8</b>	<b>203.8</b>	<b>198.9</b>	<b>193.7</b>	<b>977.3</b>
<b>Total Sources of Funds</b>	<b>\$626.9</b>	<b>\$507.7</b>	<b>\$674.1</b>	<b>\$461.1</b>	<b>\$634.2</b>	<b>\$2,903.9</b>
<b>Uses of Funds (millions)</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>	<b>FY17</b>	<b>FY18</b>	<b>Five-Year</b>
<b>GOB Projects Approved by Referendum</b>	167.0	-	190.0	-	190.0	547.0
Authorized but Unissued STB Projects*	38.0	-	-	-	-	38.0
Series 2013S-C Funded Projects	5.0					
10% Water Projects	28.5	30.2	28.0	26.2	25.0	138.0
5% Colonias Projects	14.2	15.1	14.0	13.1	12.5	69.0
5% Tribal Projects	14.2	15.1	14.0	13.1	12.5	69.0
<b>New Senior STB Statewide Capital Projects</b>	<b>184.8</b>	<b>241.5</b>	<b>224.2</b>	<b>209.8</b>	<b>200.4</b>	<b>1,060.7</b>
Education Capital	175.2	205.8	203.8	198.9	193.7	977.3
<b>Total Uses of Funds</b>	<b>\$626.9</b>	<b>\$507.7</b>	<b>\$674.1</b>	<b>\$461.1</b>	<b>\$634.2</b>	<b>\$2,903.9</b>

\*Includes projects authorized in Laws 2012 and 2013 that have not yet met requirements for project funding.

**Appendix 4**  
**New Mexico Taxable Gross Receipts**

Taxable Gross Receipts by Sector FY14 YTD through Sep 2014	FY14 YTD (\$ millions)	FY13 YTD (\$ millions)	Y/Y % Change
Agriculture, Forestry, Fishing and Hunting	\$17.9	\$14.2	26.0%
Mining and Oil and Gas Extraction	\$993.0	\$948.0	4.8%
Utilities	\$638.4	\$595.8	7.2%
Construction	\$1,451.6	\$1,413.4	2.7%
Manufacturing	\$559.7	\$489.7	14.3%
Wholesale Trade	\$613.1	\$593.7	3.3%
Retail Trade	\$3,068.1	\$3,006.0	2.1%
Transportation and Warehousing	\$149.4	\$178.0	-16.1%
Information and Cultural Industries	\$645.8	\$584.5	10.5%
Finance and Insurance	\$72.1	\$68.9	4.7%
Real Estate and Rental and Leasing	\$285.3	\$246.7	15.7%
Professional, Scientific and Technical Services	\$1,091.2	\$1,017.3	7.3%
Management of Companies and Enterprises	\$8.4	\$9.4	-11.3%
Admin and Support, Waste Mgt and Remed	\$476.2	\$588.3	-19.1%
Educational Services	\$55.9	\$49.9	12.1%
Health Care and Social Assistance	\$551.7	\$532.1	3.7%
Arts, Entertainment and Recreation	\$54.2	\$52.3	3.8%
Accommodation and Food Services	\$937.0	\$898.8	4.2%
Other Services (except Public Admin)	\$1,187.5	\$1,217.0	-2.4%
Public Administration	\$40.5	\$42.8	-5.3%
Unclassified Establishments	\$90.3	\$40.7	122.0%
All Industries	\$12,987.5	\$12,587.4	3.2%
Excluding O&G	\$11,994.4	\$11,639.4	3.1%