

Consensus General Fund Revenue Outlook

Presentation to:
Legislative Finance Committee
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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
- Personal Income Tax (PIT)
- Gross Receipt Tax (GRT)
- Severance & Rents & Royalties
- General Fund Overview
- Appendices

Consensus Revenue Estimating Group

Participating Agencies

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Legislative Finance Committee

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World Economic Activity Uncertainty

➤ COVID-19 Omicron Variant

- Designated by the World Health Organization as a ‘Variant of Concern’

- No scientific data yet to determine vaccine efficacy, severity of cases and transmissibility

➤ Markets have reacted negatively to omicron uncertainty due to concerns on consumer demand and global recovery

- WTI oil price has dropped in trading by 16% from November 24th to December 1st

- S&P 500, Dow and NASDAQ declines

➤ Consensus Revenue Estimating Group Response:

- Will monitor national forecasts closely for consumer demand, employment impacts and oil price forecasts

- Too early for national forecasters and the CREG economists to assume impacts in the forecasts

- Good news is that any volatility of oil revenues will be absorbed mainly by reduced transfers to reserves and less impact will be borne by the general fund

US & NM Economic Indicators

➤ Moody's Analytics:

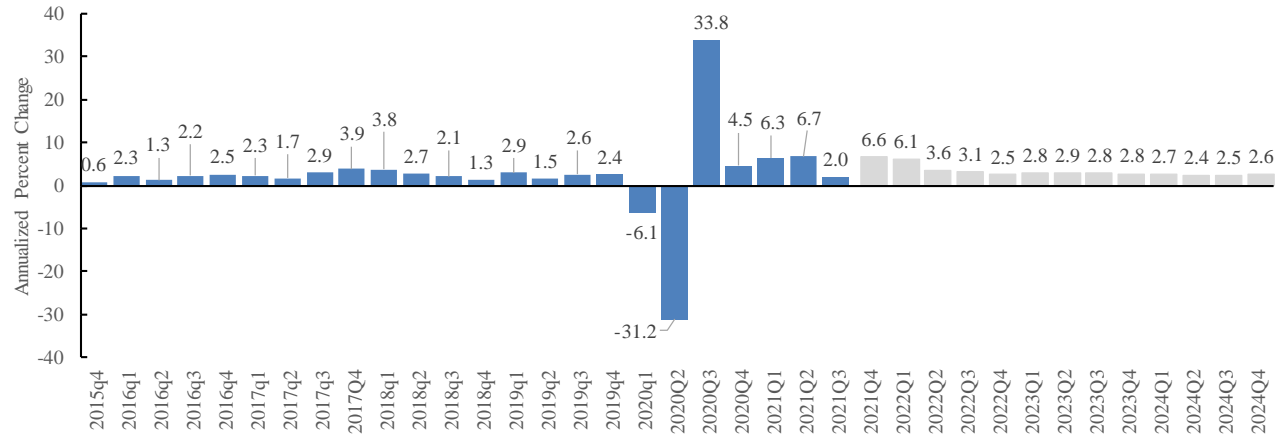
- Moody's Analytics' November 2021 baseline outlook assumes the worst of the Delta-variant wave is behind us
- Assumes the federal debt ceiling will be raised in early December 2021 to avoid federal government shutdown
- The acceleration in consumer prices/inflation is expected to be transitory
- U.S. labor supply constraints caused by healthcare concerns and childcare issues are expected to be transitory, with labor supply constraints expected to begin easing in late 2021 or early 2022

➤ IHS Markit:

- Inflation pressures are expected to ease by 2023
- Baseline forecast excludes the federal 'Build Back Better' legislation, meaning its passage would be an upside risk to the forecast
- Delta variant is expected to restrain recovery in service sector - lowered growth forecast in the near-term due to lower consumption in service sector but shifts growth to 2022 and 2023

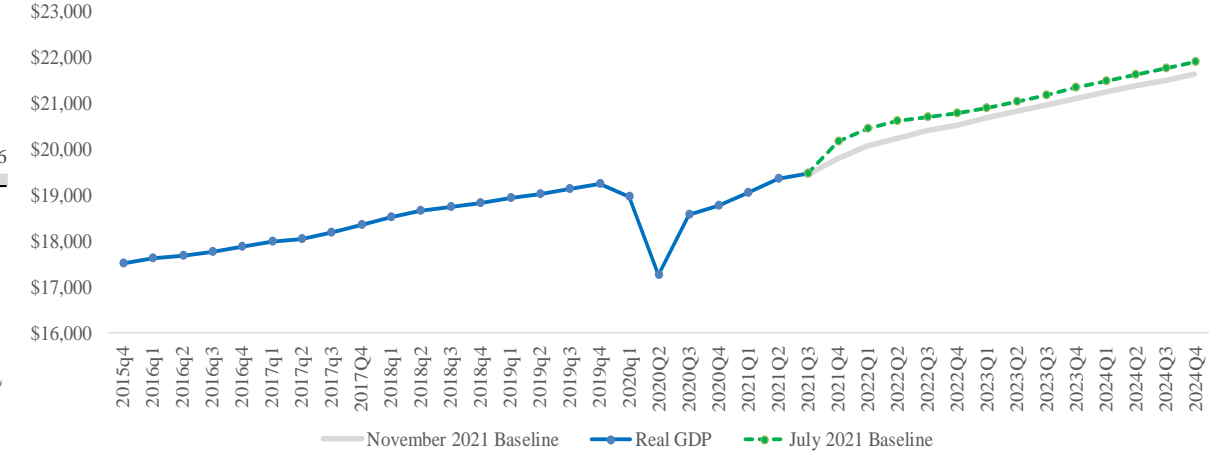
US Economic Outlook

Annualized Percent Change in US Real GDP: 2015 Q1 to 2021 Q3, Forecast 2021Q4-2024Q4 (Quarter-over-Previous-Quarter)



Source: bea.gov seasonally adjusted at annual rates, Moody's October 2021 Baseline Scenario

US Real Gross Domestic Product: 2015 Q4 to 2021 Q3, Forecast 2021Q4-2024Q4 (billions of chained 2012 dollars)

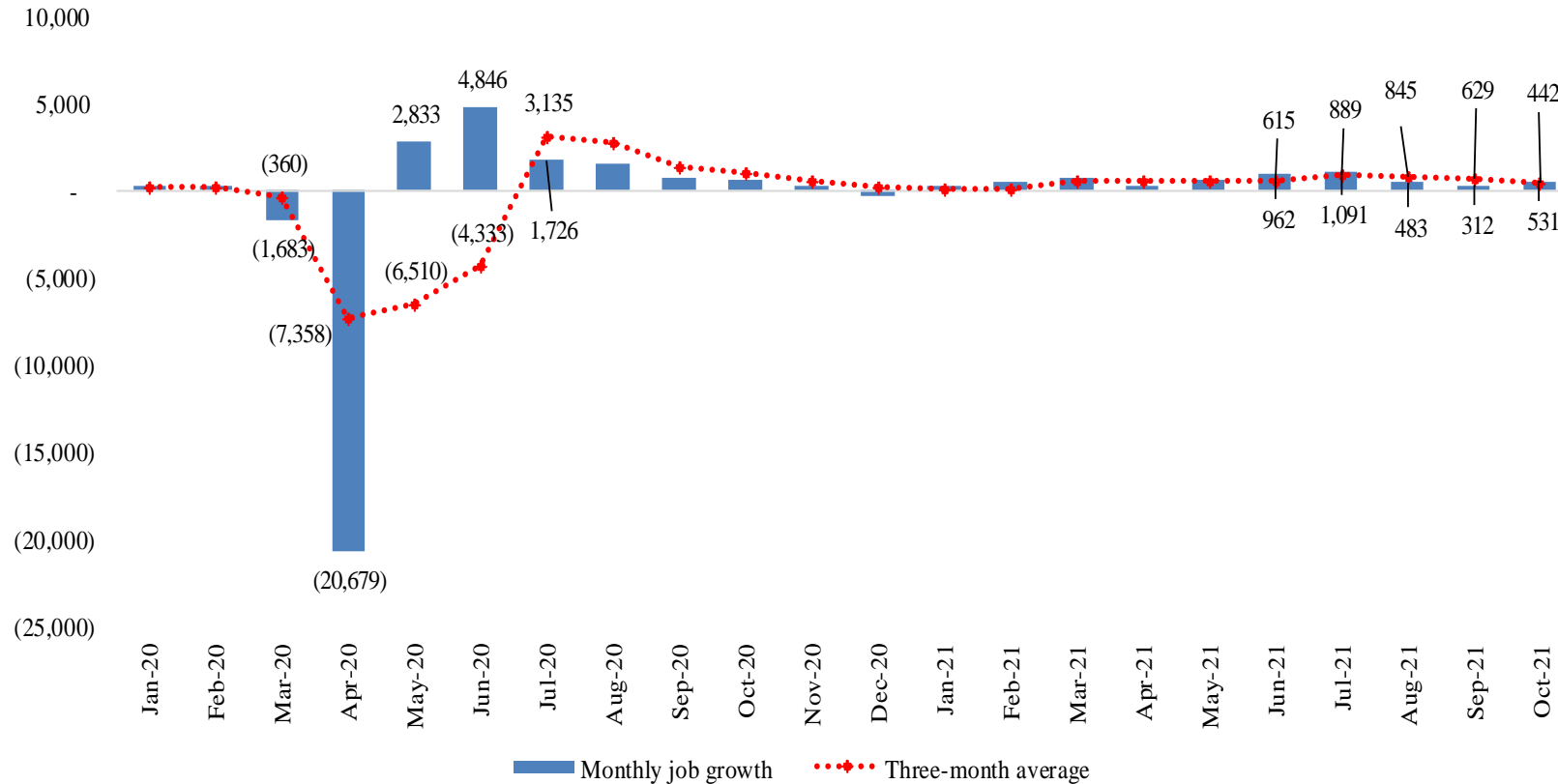


Source: GDP in billions of chained 2012 dollars, retrieved from bea.gov.

- Moody's November 2021 baseline forecast expects slightly lower US GDP growth than was expected in the July 2021 forecast
- US real gross domestic product (RGDP) increased at an annualized rate of 2.0% in 2021Q3
 - Moody's Analytics expects Fed officials to begin preparing financial markets for a tapering of its Quantitative Easing policy in the next few months as it becomes evident the pandemic is fading and the economy is in full swing
 - Moody's states the following risks:
 - The Delta variant could lead to tighter state public health restrictions and magnify supply chain issues with surging cases in Asia-Pacific
 - Labor-supply constraints could last longer than anticipated and slow job growth
 - According to the Bureau of Economic Analysis, the deceleration in GDP in the 2021Q3 was due to a slowdown in personal consumption expenditures. From 2021Q2 to 2021Q3, consumption spending on goods and services slowed, led by spending reductions in motor vehicles and parts as well as food and accommodations

US Economic Outlook - Employment

Monthly and three-month average change in non-farm payroll employment (1,000s) in the US: July 2019 to October 2021

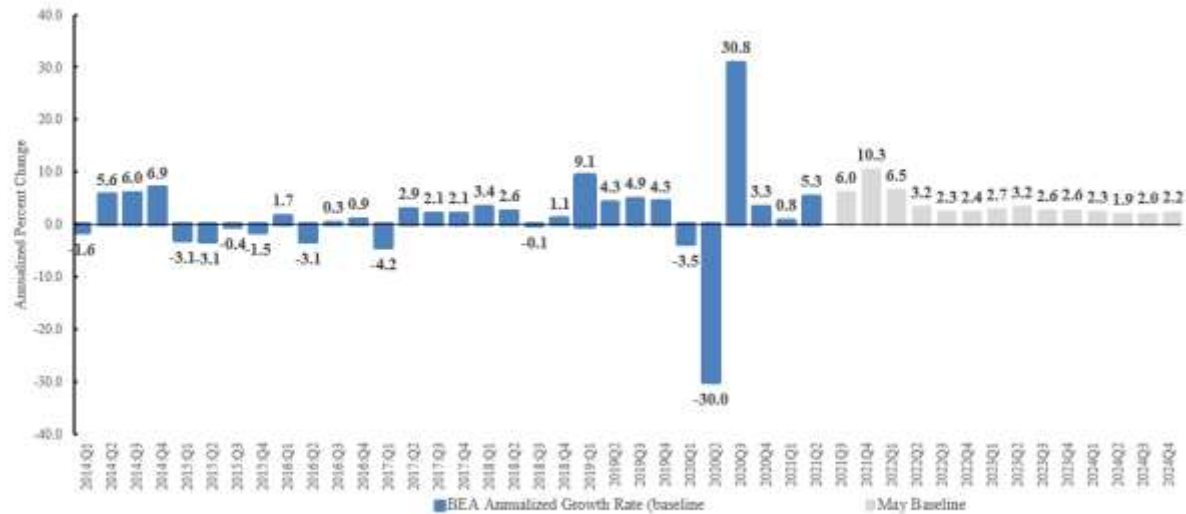


Source: bls.gov

- The US lost 22.4 million jobs at the onset of the pandemic
- Since then, the national economy has regained 18.2 million jobs
- National economy remains down 4.2 million jobs
- Employment gains were sector wide with notable October 2021 employment gains in:
 - Leisure and Hospitality
 - Manufacturing
 - Transportation and Warehousing
 - Professional Services
- Labor market is tight due to health concerns and childcare issues

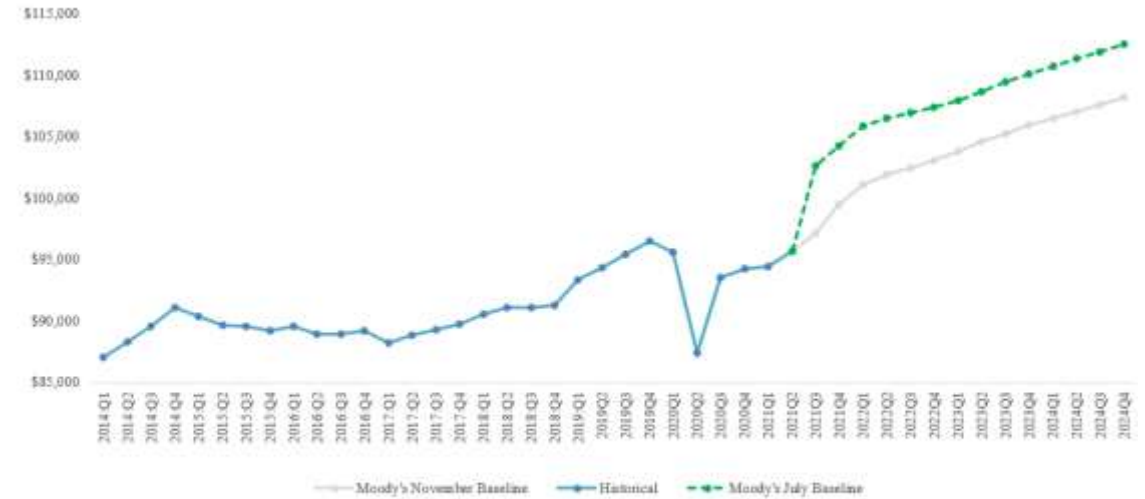
NM Economic Outlook – State GDP

Annualized Percent Change in NM Real GDP 2014Q1 to 2021Q2, Moody's Forecasts 2021Q3-2024Q4 (Quarter to Quarter)



Source: bea.gov, Moody's October 2021 Baseline Scenario vs. Historical Values

New Mexico Real Gross Domestic Product 2014Q1-2021Q1, Moody's Forecasts 2021Q-2024Q4

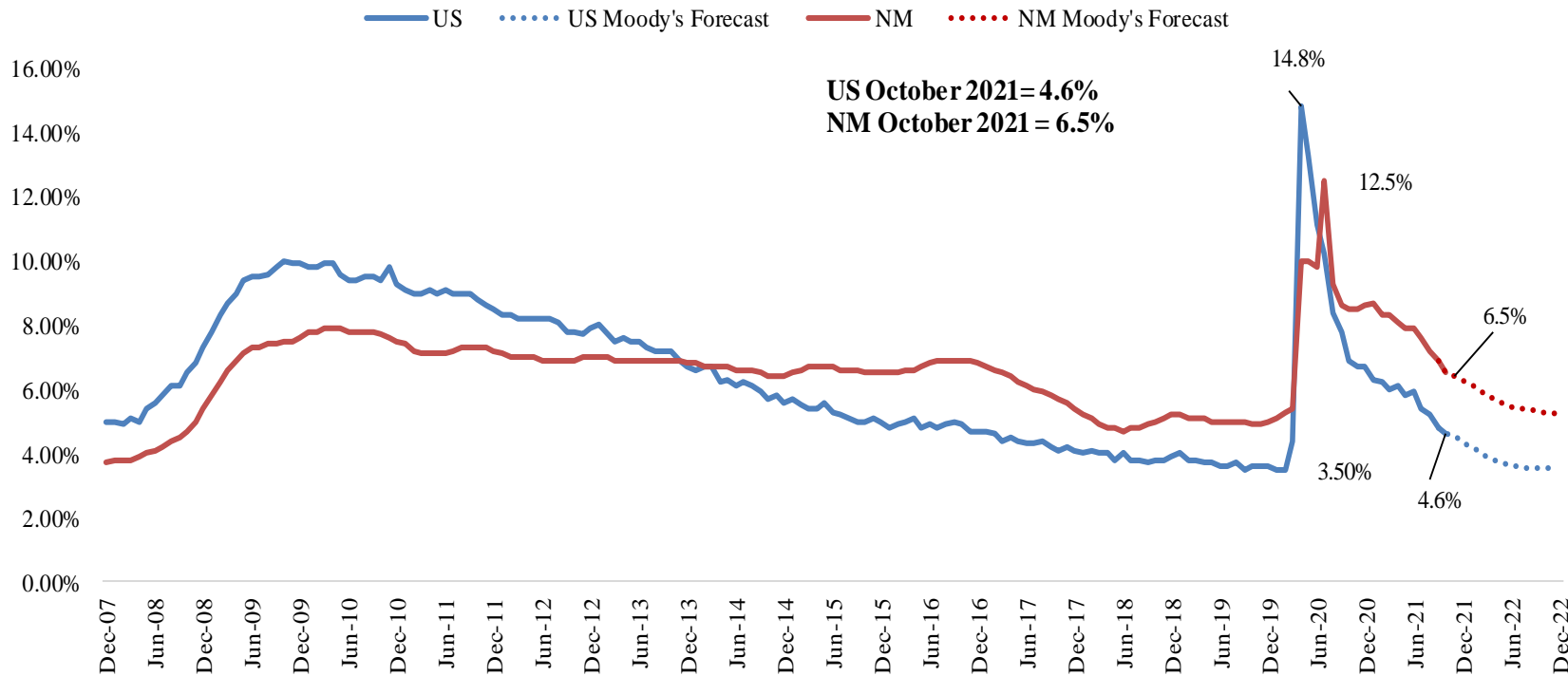


Source: bea.gov, Moody's November 2021 Baseline (in 2012 chained millions of dollars)

- Bureau of Economic Analysis data shows New Mexico RGDP grew at an annualized rate of 5.3% in 2021Q2
- Moody's Analytics baseline forecast expects NM RGDP to grow in 2021Q3 and 2021Q4 at 6.0% and 10.3%, respectively, as the economic recovery continues
- Forecast estimate NM RGDP exceeds pre-COVID-19 levels in late 2021
- Same as the national GDP forecast, Moody's November 2021 baseline expects lower growth than the July 2021 forecast - due to technical revisions of Bureau of Economic Analysis (BEA) data

NM Unemployment Rate

US and NM Unemployment Rate (percent) : December 2007 to October 2021

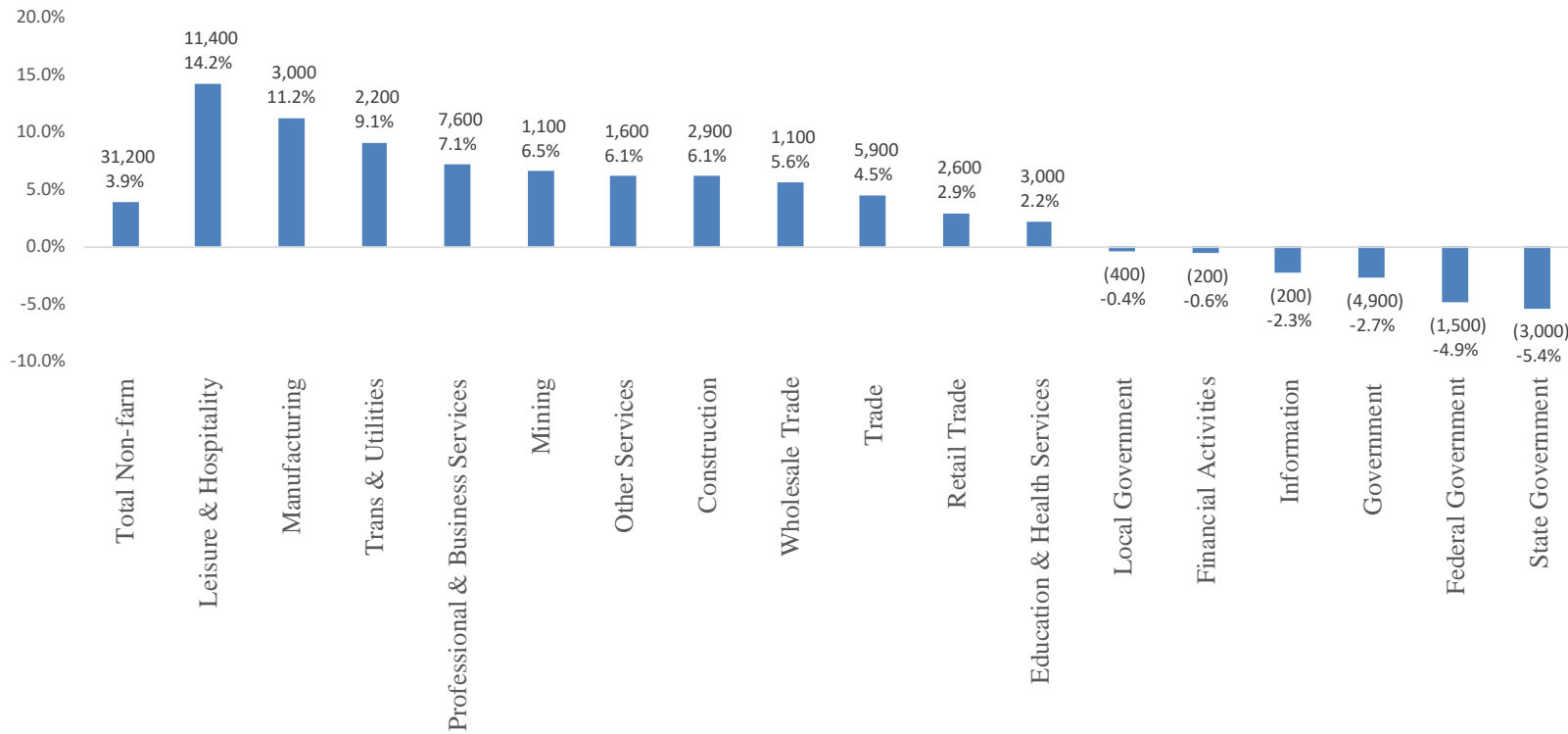


Source: bls.gov, seasonally adjusted

- The national unemployment rate peaked in April at 14.8% and has declined down to 4.6% in October 2021
- The New Mexico unemployment rate peaked in April at 12.5% and has declined down to 6.5% in October 2021
- The number of unemployed in New Mexico reached a high of 90,683 individuals in April 2021
- The number of unemployed decreased by 28,745 individuals to 61,938 from April to October 2021

NM Employment by Sector Y-o-Y

Percent Change and Level Change in Non-Farm Employment in New Mexico by Sector
October 2020 to October 2021



Source: bls.gov, CES not seasonally adjusted

➤ Year-over-year total non-farm employment increased 3.9% or 31,200 jobs in October 2021

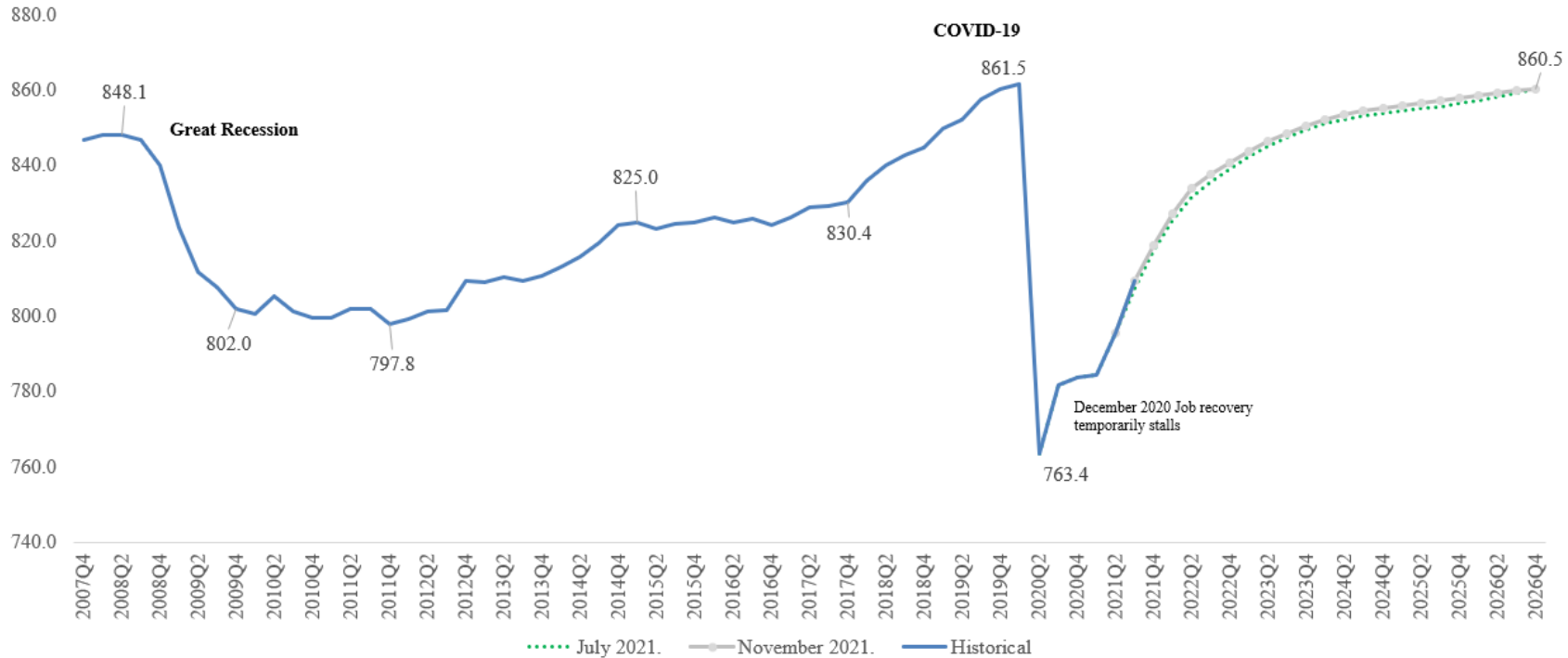
➤ Losses were in Local Government, Information, and Financial Activities

➤ But compared to October 2019, total non-farm employment is down 4.8% or 41,300 jobs

➤ New Mexico has recovered about 65.7% of the job losses that occurred from February 2020 to April 2020

NM Employment Recovery

New Mexico's Quarterly Total Non-Farm Employment by Forecast: 2007Q4 to 2026Q4

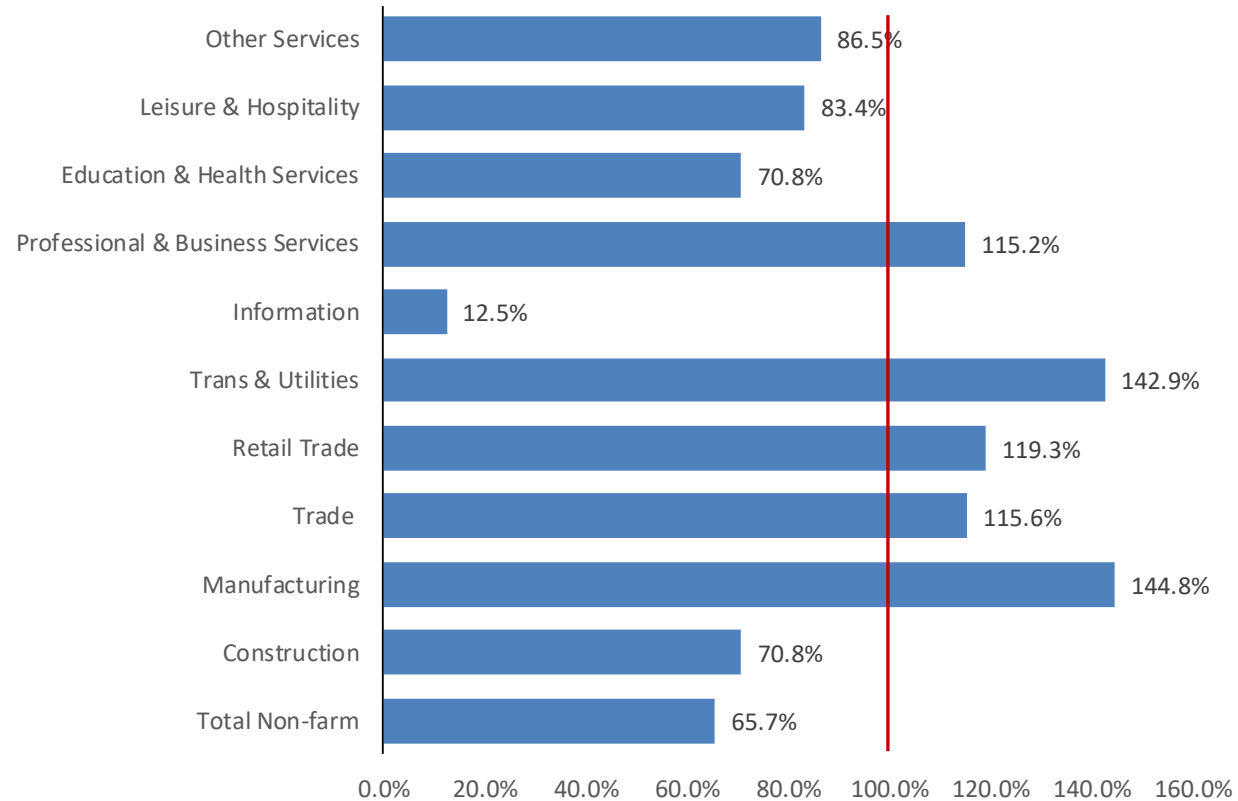


Source: bls.gov, Moody's Analytics

- From February 2020 to April 2020 New Mexico lost over 104,000 jobs.
- The November 2021 baseline forecast estimates New Mexico will achieve pre-pandemic employment by the end of 2026.
- No significant change since July 2021 baseline forecast.
- Recovery depends on national trends:
 - Epidemiological path of the pandemic
 - Labor-supply constraints are caused by healthcare and childcare issues
 - Supply-chain issues

NM Employment Recovery by Industry

Percentage of Lost Jobs Regained by October 2021



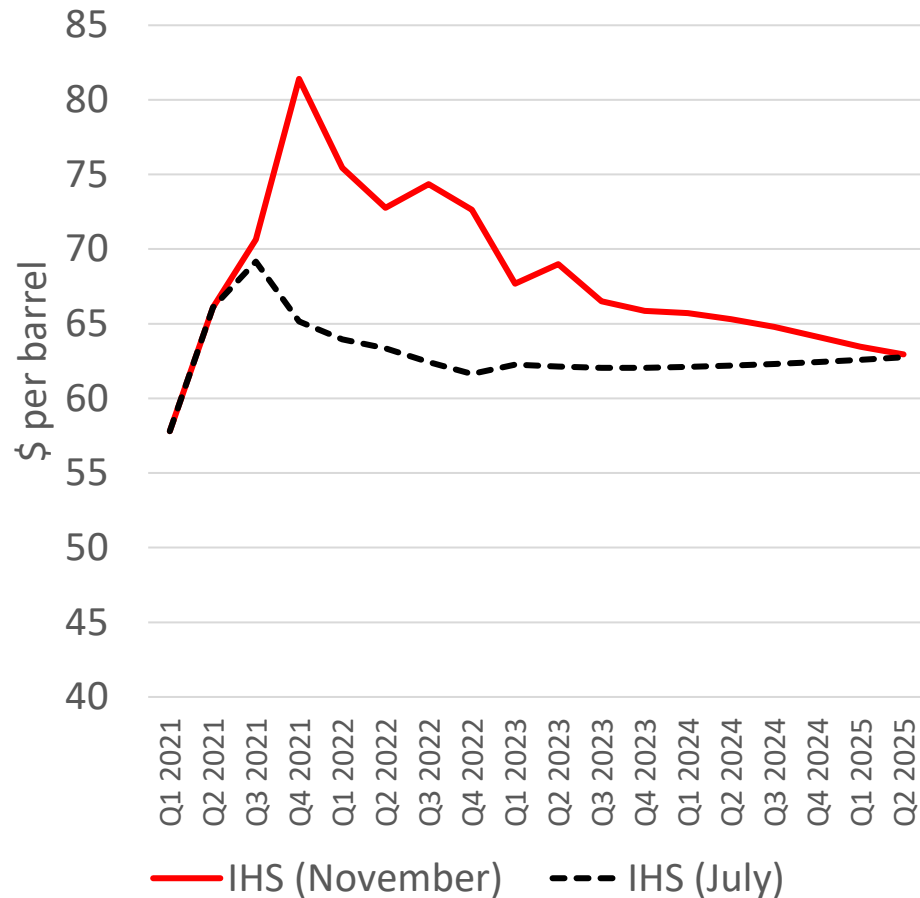
Source: Bureau of Labor Statistics, October 2021, not seasonally adjusted

- Of the jobs lost from February 2020 to April 2020, by October 2021, New Mexico had regained:
 - 83.4% of lost leisure and hospitality jobs
 - 119.3% of retail jobs
 - 65.7% of non-farm jobs
- Several industries regained more jobs than lost between February 2020 and April 2020:
 - Professional & Business Services
 - Transportation and Utilities
 - Retail Trade
 - Trade
 - Manufacturing

Oil & Natural Gas

Oil Prices - Worldwide and New Mexico

IHS - West Texas Intermediate (WTI)
Price Forecasts



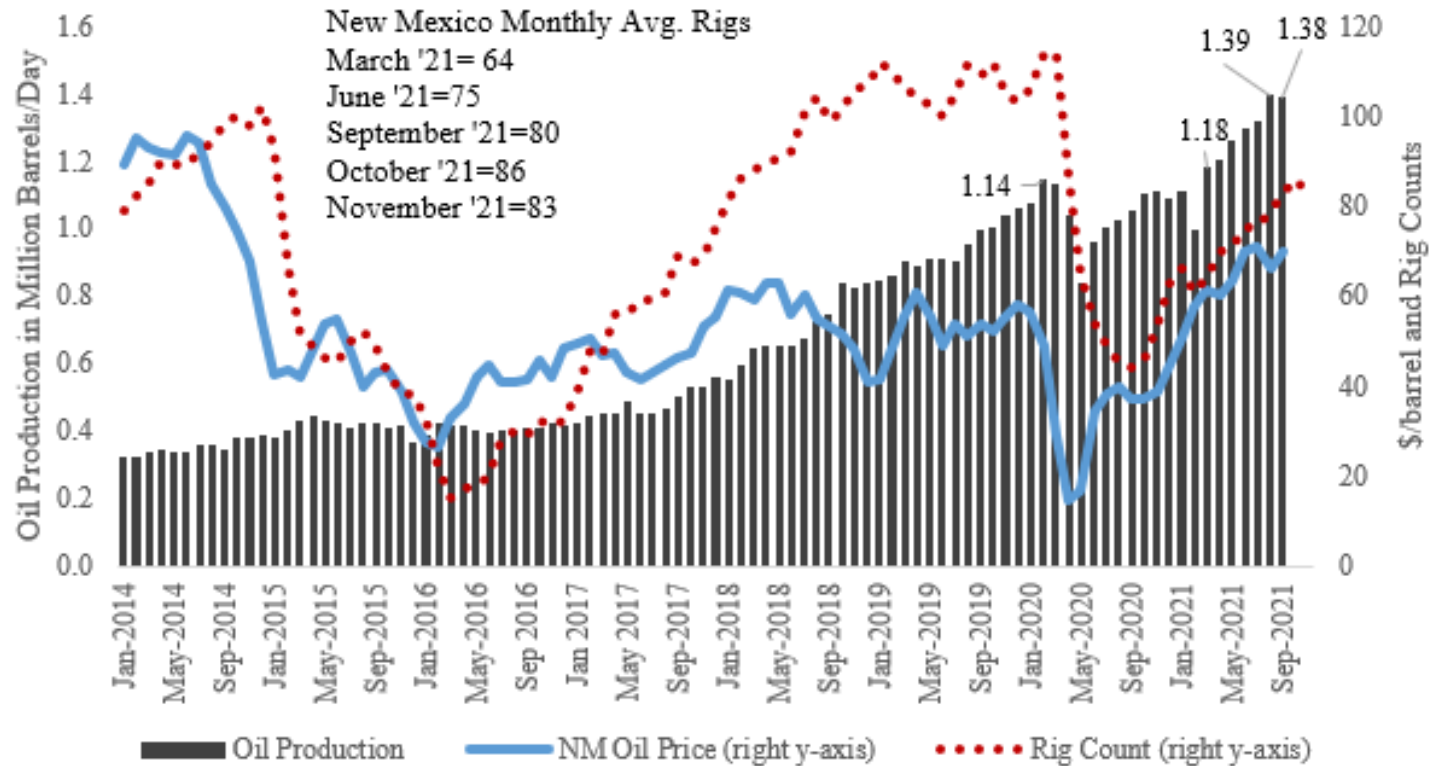
- Oil prices are inherently volatile and dependent on oil demand, OPEC+ decisions, inventory levels, and other factors
- EIA, IHS and Moody's significantly increased oil price forecasts in the near term.
 - Increased consumer demand as economies recover (omicron puts this at risk)
 - Lower oil inventories in U.S. and other major world economies as demand exceeds current production supply
 - Continued oil production suppression by OPEC+
- As oil production increases supply and meets demand, oil prices expected to decline over the forecast period as markets reach equilibrium
- The December forecast oil price is up \$8/barrel in FY22 and \$6.50/barrel in FY23
- Too early to know long-term effect of COVID-19 Omicron variant on oil demand

Consensus Forecast	FY21	FY22	FY23	FY24	FY25	FY26
December Estimate	\$50.58	\$71.50	\$64.50	\$60.50	\$59.50	\$59.50
August Estimate	\$49.92	\$63.50	\$58.00	\$56.00	\$55.50	\$55.50
Oil Price (\$/barrel)						

Source: IHS Markit Nov. 2021 Baseline Forecast

New Mexico Oil Prices, Production, & Rigs

NM Oil Production (MMb/d), NM Oil Price (\$ per barrel), & NM Rig Count (number)
January 2014 to November 2021



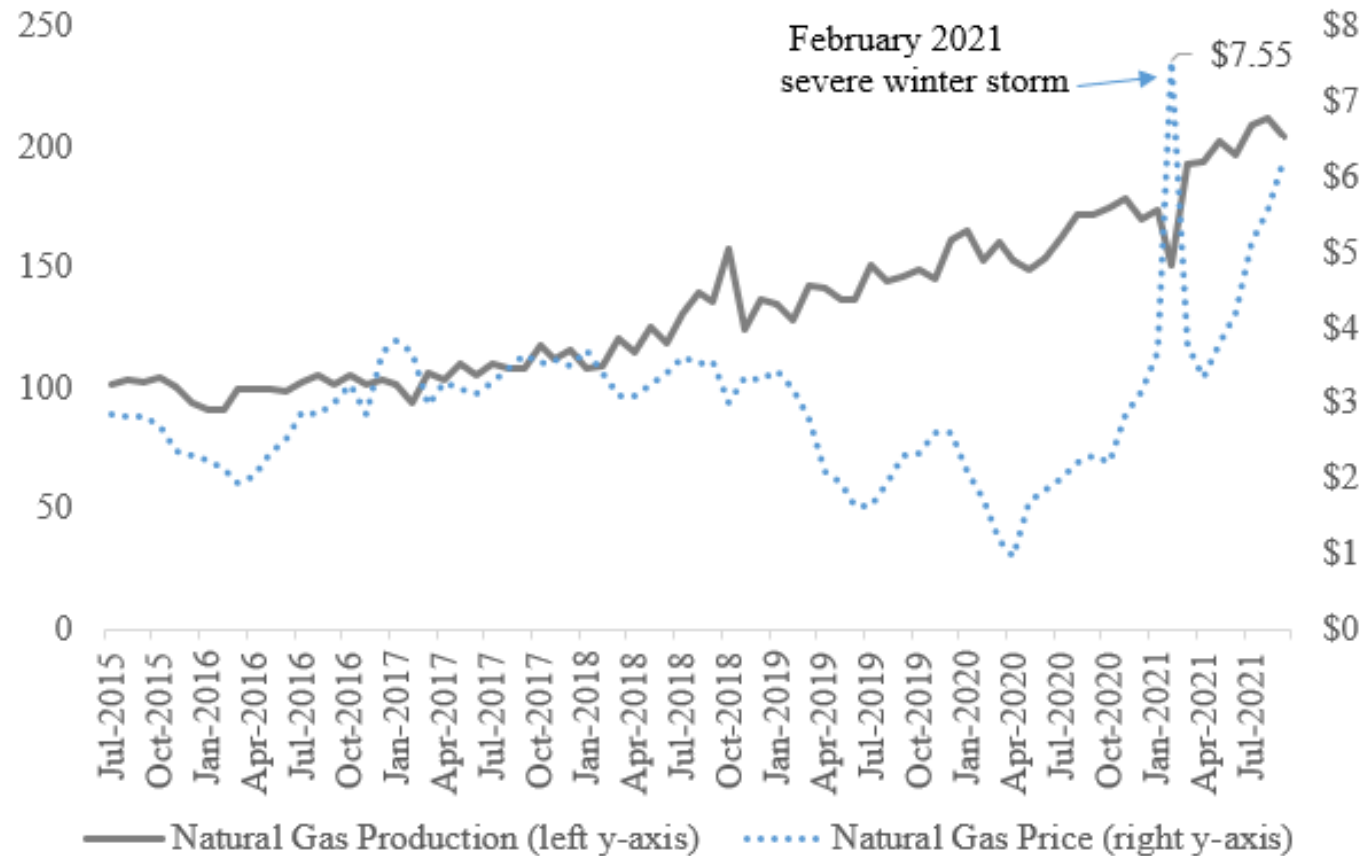
Source: Baker Hughes, TRD (Production and price through September 2021, Rigs through November 2021)

- New Mexico oil production increased to a high of 407.7 million barrels in FY21 averaging \$50.58/barrel
- Rig count (red line) has increased steadily since reaching a low of 44 in September 2020
- In August 2021, New Mexico registered its highest oil production in state history (black bars)
- Oil volume forecast reflects New Mexico's continued strong recovery amidst high oil prices in near term and lower stable growth as prices decline
- New Mexico oil volumes are expected to increase 22% in FY22 and about 3.7% per year in future years

Consensus Forecast	FY21	FY22	FY23	FY24	FY25	FY26
December Estimate	407.7	496.6	514.5	538.5	556.8	574.1
August Estimate	405.0	445.0	460.0	475.0	485.0	495.0
Oil Volumes (million barrels)						

New Mexico Natural Gas Prices & Production

New Mexico Natural Gas Prices and Production
July 2015 to September 2021



Source: NM TRD GenTax System, Production = billion mcf per month, Price = \$ per mcf

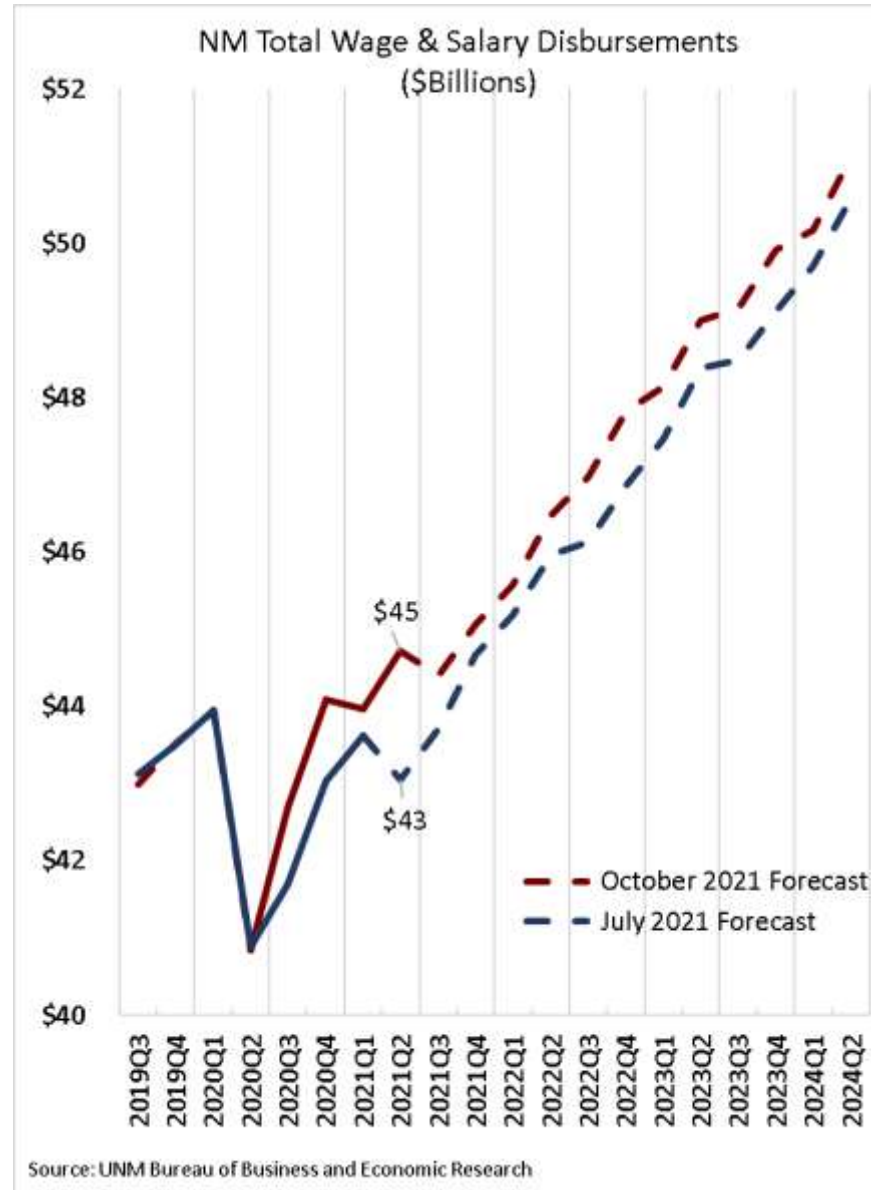
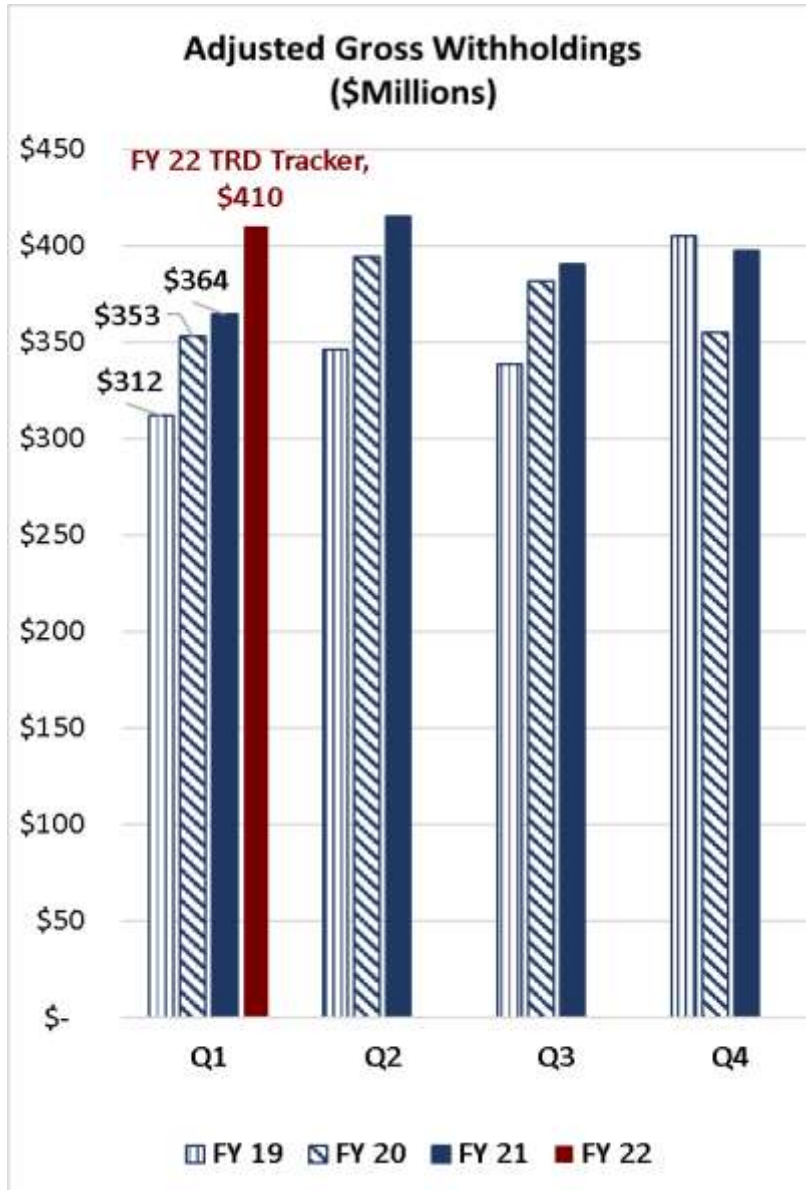
- New Mexico natural gas production (black line) increased to a high of 2,135 bcf for FY21 with an average price of \$3.40/mcf (blue line)
- Natural gas prices spiked during the February 2021 winter storm which caused the Texas power crisis
- New Mexico natural gas averaged \$6.23/mcf in September 2021, up from \$2.31/mcf in September 2020
- Increased domestic and international demand for natural gas and global supply constraints have driven prices upward

Consensus Forecast	FY21	FY22	FY23	FY24	FY25	FY26
December Estimate	\$ 3.40	\$ 5.00	\$ 3.80	\$ 3.40	\$ 3.30	\$ 3.35
August Estimate	\$ 3.32	\$ 3.75	\$ 3.25	\$ 2.75	\$ 2.70	\$ 2.80
	Natural Gas Price (\$/mcf)					

Consensus Forecast	FY21	FY22	FY23	FY24	FY25	FY26
December Estimate	2,135.0	2,395.0	2,420.0	2,460.0	2,505.0	2,535.0
August Estimate	2,115.0	2,270.0	2,360.0	2,430.0	2,470.0	2,500.0
	Natural Gas Volumes (bcf)					

Personal Income Tax

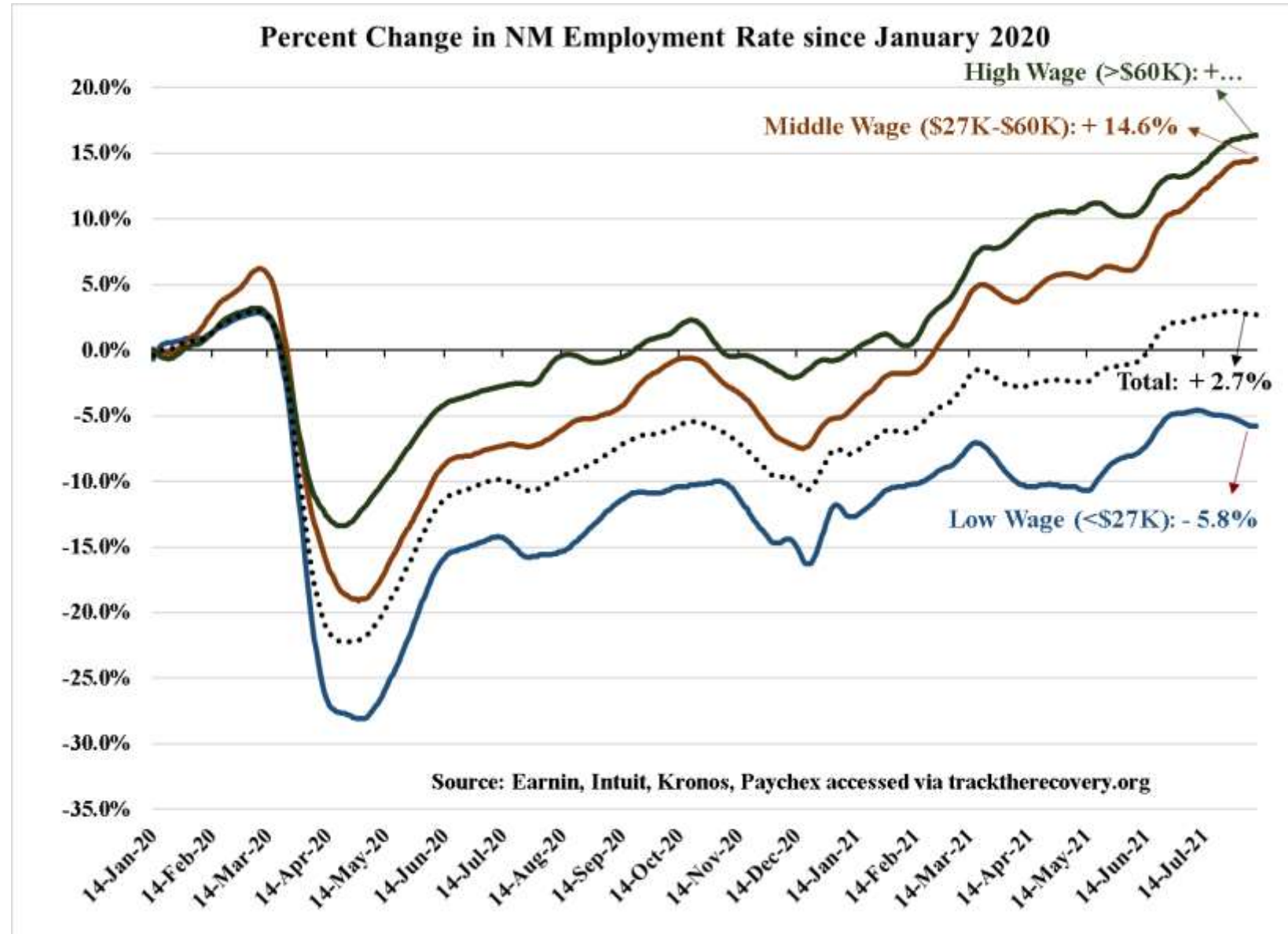
Current adjusted tracking shows strength in withholding



- Adjusted gross withholdings in FY22Q1 at a historically high level
- Stronger-than-expected withholding accounts for most of the near-term PIT December revenue estimate increases over August estimate
- Actual wage and salary growth stronger than forecasted
- Majority of jobs lost due to pandemic were in low-wage sectors
- These are also jobs that are slow to recover

Percent Change in NM Employment Rate since January 2020

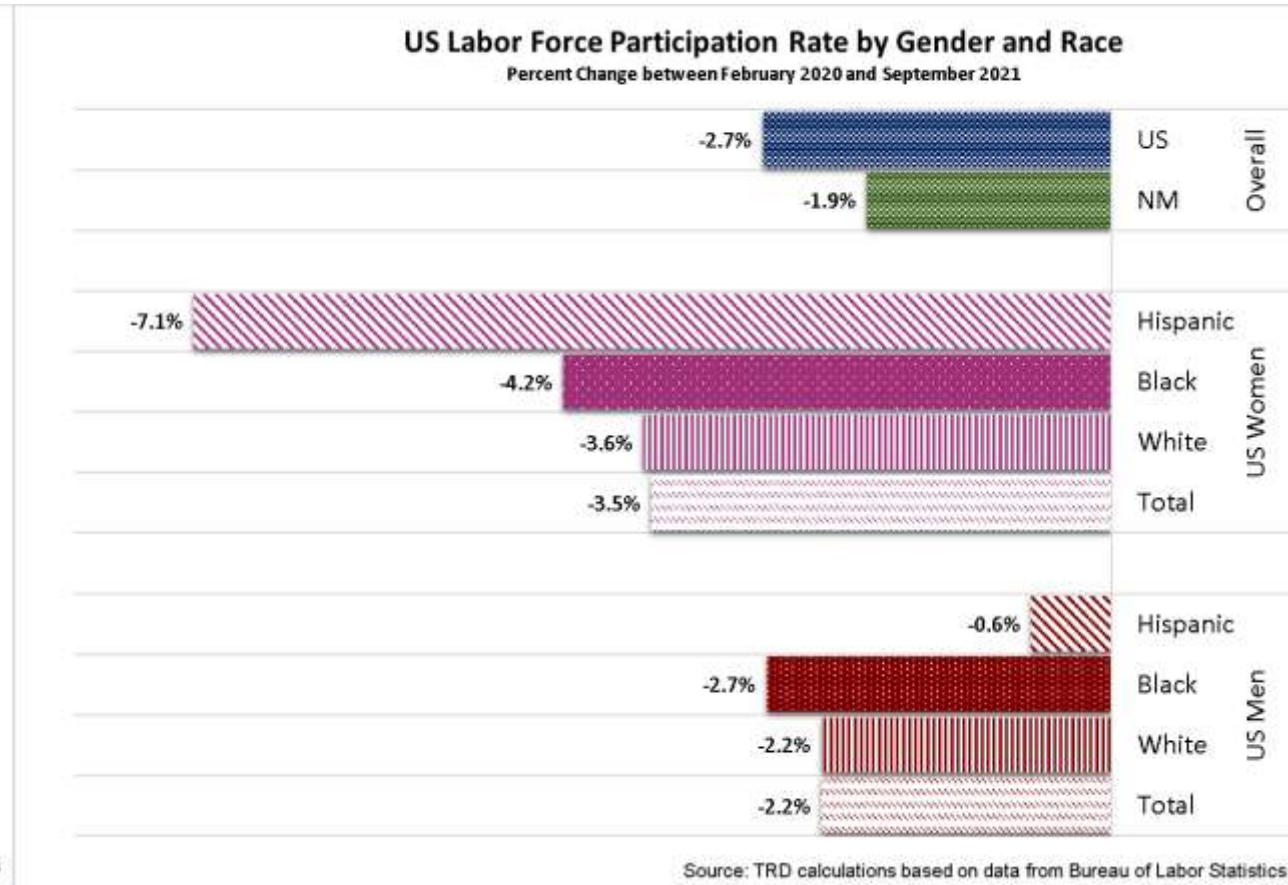
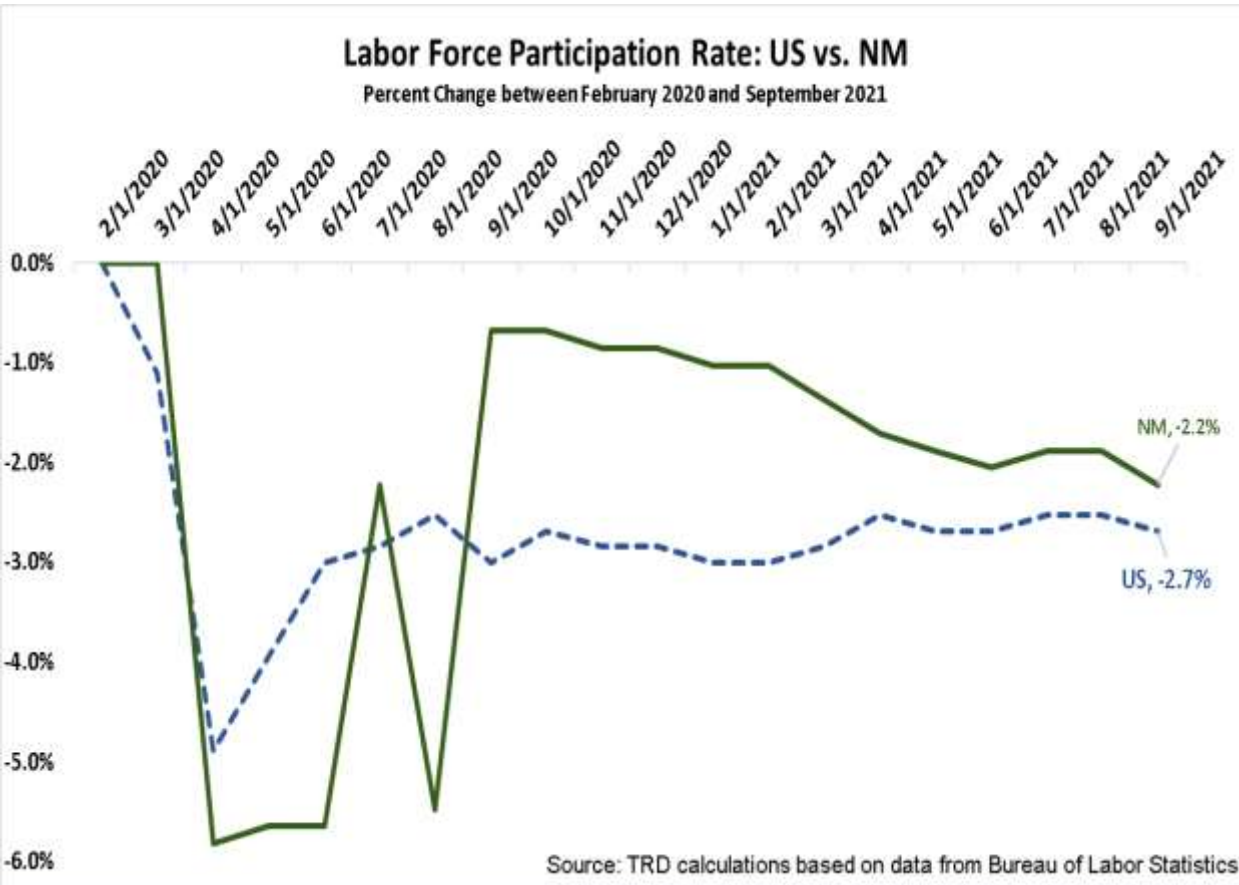
- As of August 2021, employment rate in the **lowest wage quartile** was **5.8% lower** than in January 2020. While employment rate in the **highest wage quartile** was **16.4% higher**.



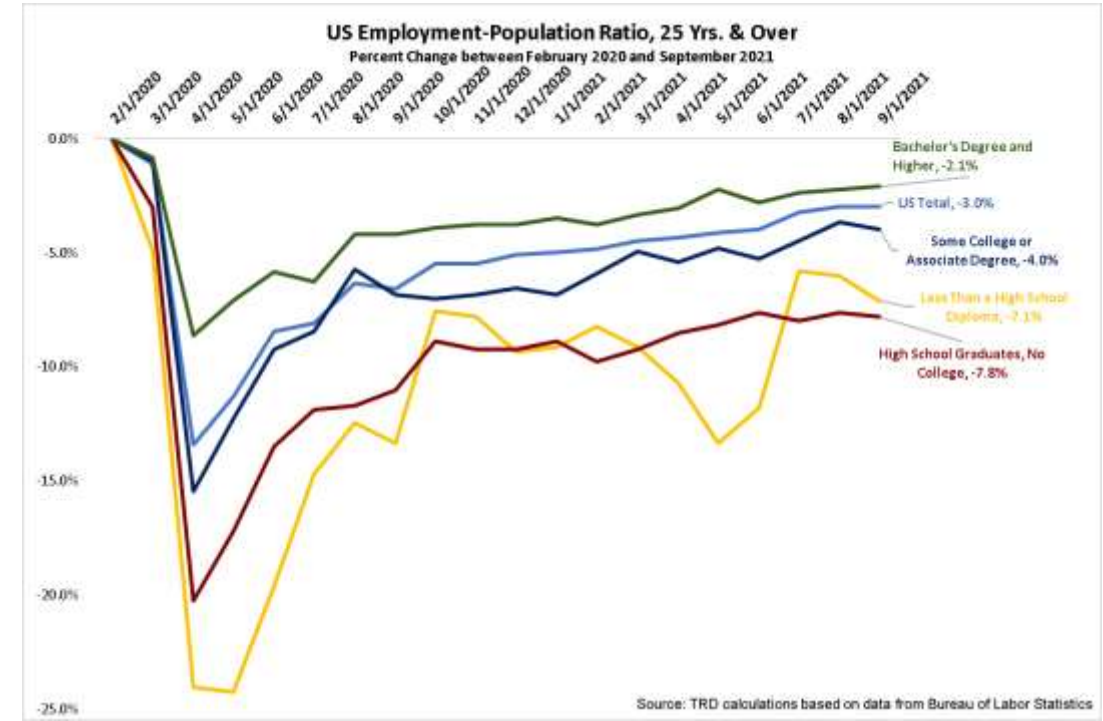
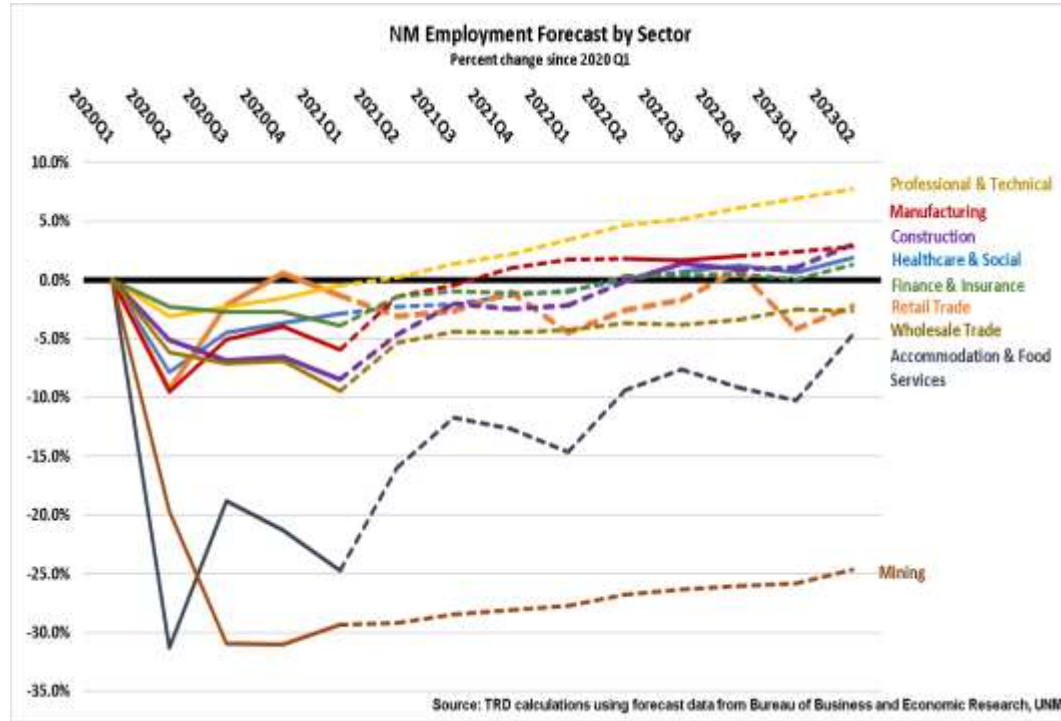
Economic Volatility

Disproportionately Impacts Women and Women of Color

- Labor force participation has fallen for everyone
- NM has recovered more than the national economy
- Participation by women of color has fallen the most
- Women and minorities are more representative in lower-wage service jobs hit hard by COVID-19 impacts

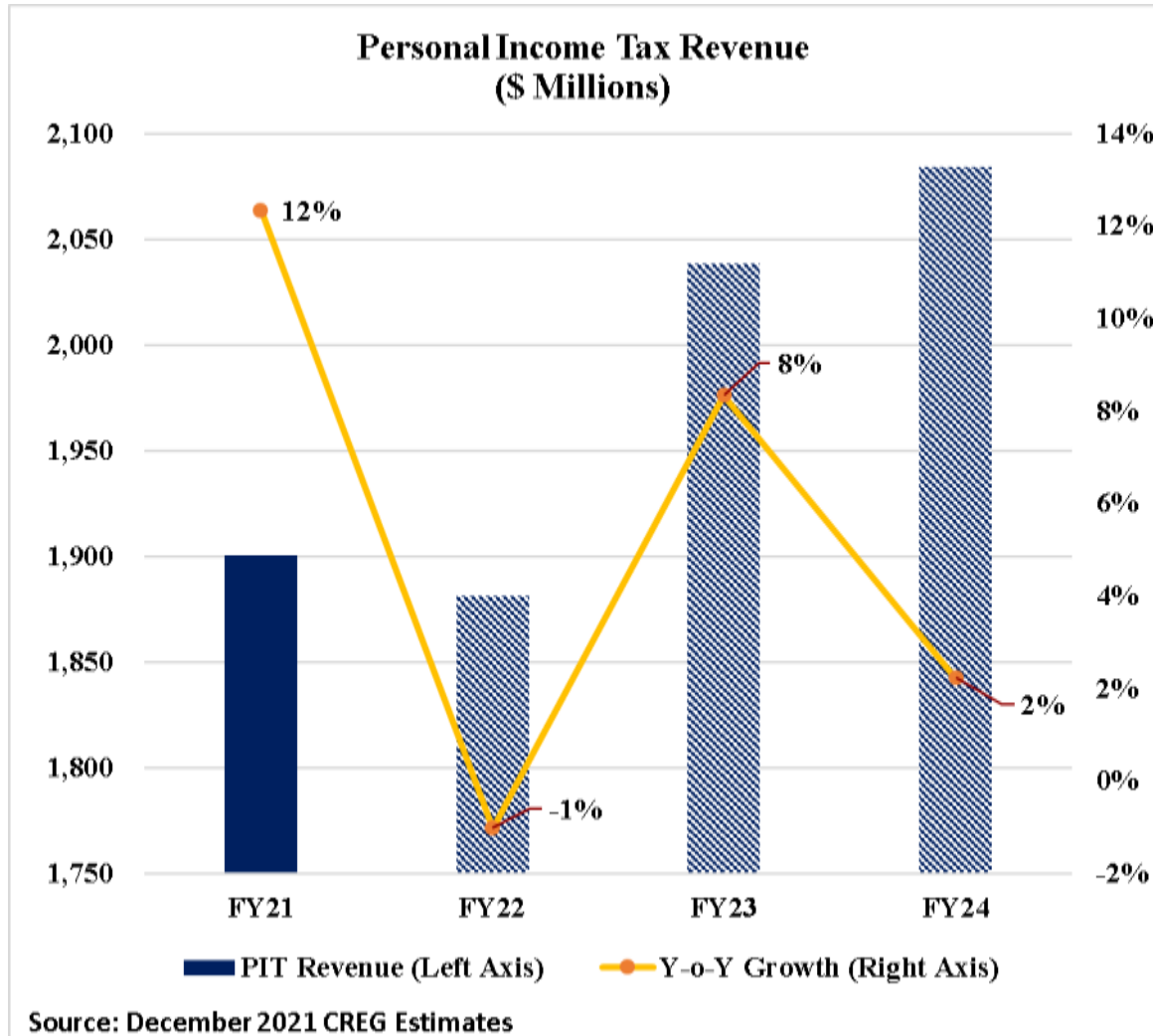


Low wage and less educated workers hit worst and slowest to recover



- New Mexico's 2nd and 3rd largest industries by employment - Retail and Accommodations & Food Services- are lower-wage jobs and are not forecasted to return to pre-recession levels before the end of fiscal year 2023
- Job losses since March 2020 have been most prolonged for workers with less educational attainment
- New Mexico's recovery is fastest in higher wage jobs requiring degrees - Finance & Insurance, and Healthcare.
- Professional & Technical Services industry is already tracking close to pre-pandemic levels

Personal Income Tax (PIT) Historical and Outlook FY21 through FY24



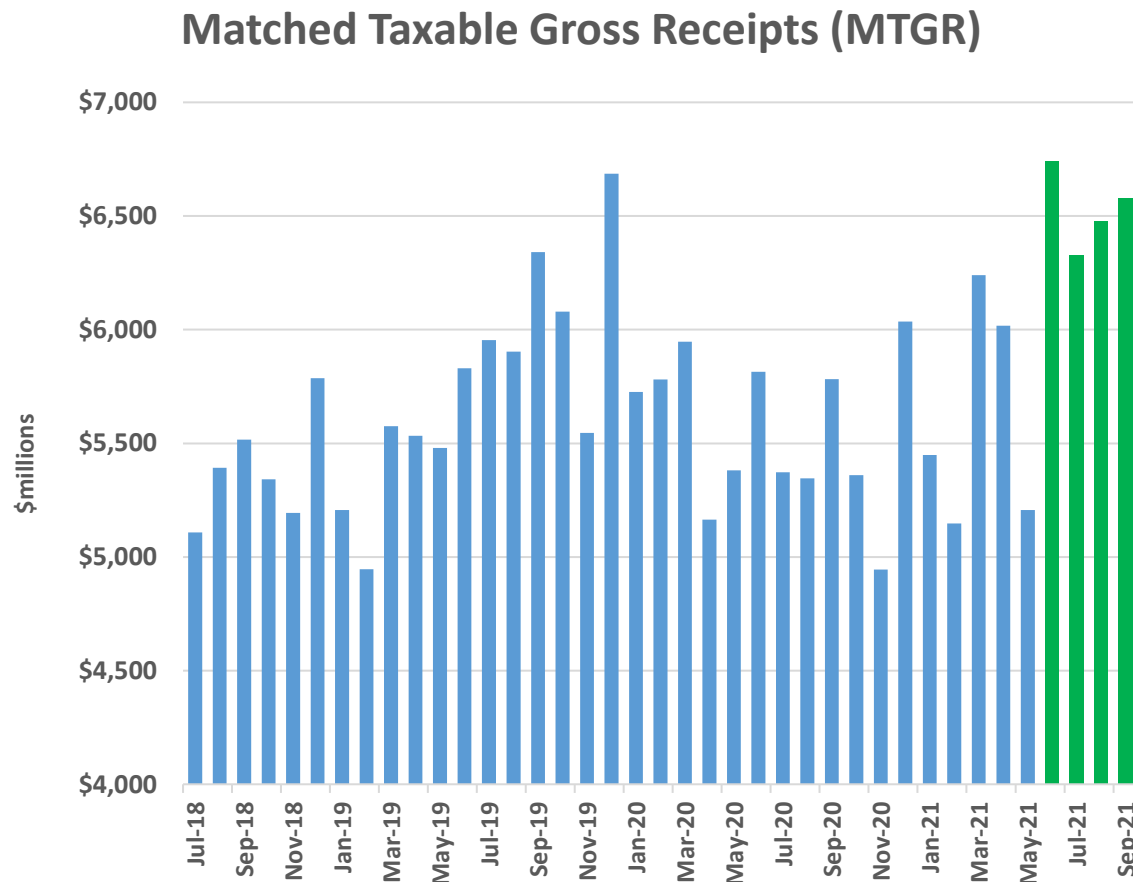
- FY21 PIT grew 12.3% over FY20 due to strong withholding
- SB-1 \$600 PIT rebate revenue impact appears under 2021 nonrecurring legislation line
- FY22 PIT is expected to decrease 1% due to:
 - Federal and State expansions of the Working Families Tax Credit (WFTC) & Low Income Comprehensive Tax Rebate (LICTR)
 - Accounting issues wherein some FY22 withholding was booked to FY21
- FY23 is expected to grow 8% due new higher 5.9% tax bracket, continued employment recovery, and wage & salary growth

Gross Receipts Tax

New Factors in Interpreting GRT Data

- Business tax redesign at Tax & Rev led to new taxpayer reporting July 1, 2021.
- Starting July 1, 2021, New Mexico switched to “destination-based” sourcing: looks to where the goods or services are delivered not the business location, and taxes internet sales
- COVID-19 impacts and related stimulus makes estimating the impacts of July 1 changes difficult due to multiple moving parts
- Additional data over time will allow for better comparative analysis to parse individual impacts

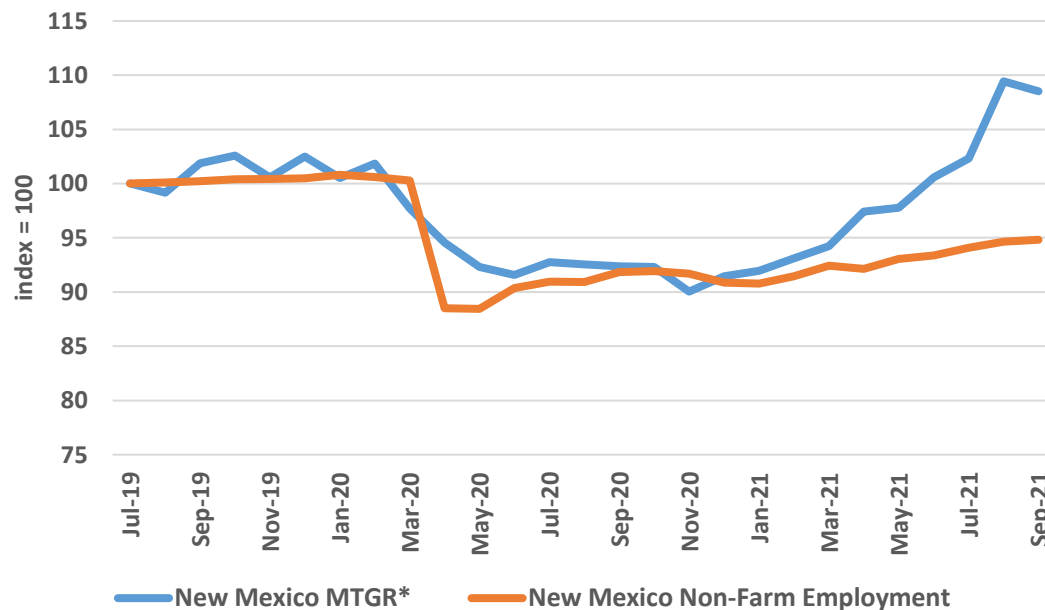
Last 4 months of economic activity strong (Jun-Sep 2021)



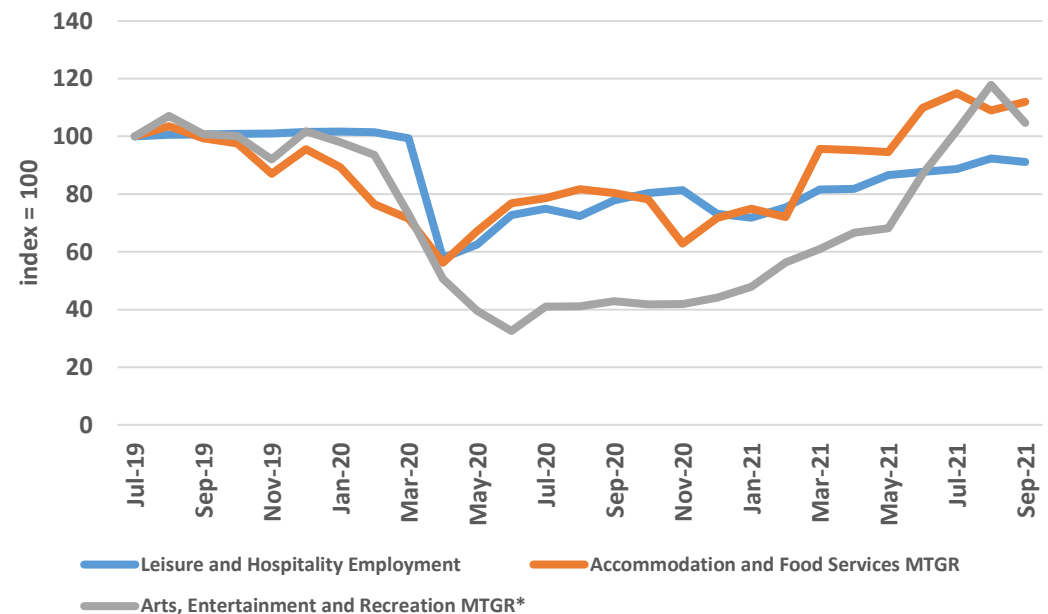
- Recent strength in gross receipts tax base coming from across all sectors but especially:
 - Mining and Oil & Gas Extraction with Permian Basin strength
 - Retail Trade with consumer demand increasing

MTGR has recovered, even in leisure and hospitality, however employment has not.

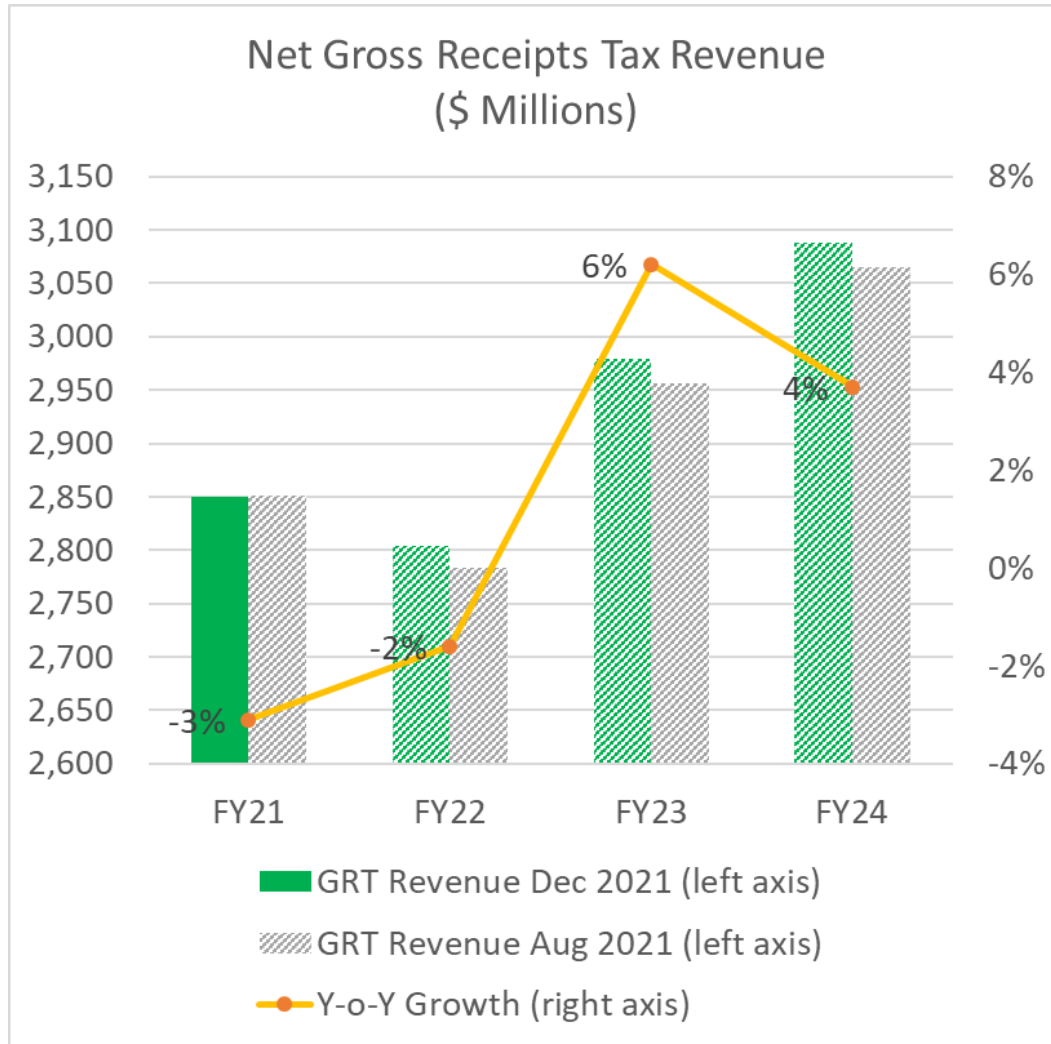
New Mexico Non-Farm Employment, and MTGR (index=100)



Leisure and Hospitality Employment, and MTGR (index=100)



Gross Receipts Tax Outlook



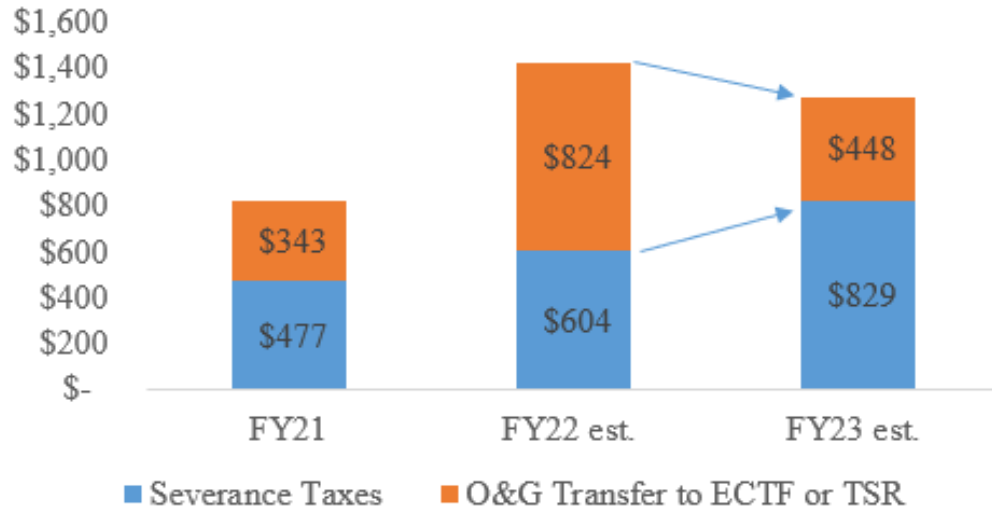
Source: December 2021 CREG Estimate

- December 2021 forecast includes small upward revisions from August 2021
- FY21 declined 3% from FY20:
 - SB-1 \$600 PIT rebate and GRT restaurant deduction impacts appear under 2021 nonrecurring legislation line
 - Continued high hospital and food deductions with COVID-19 hospitalizations
- FY22 expected to fall 2% due to non-economic activity:
 - Loss of 1.225% municipal share on internet sales
 - One-time general fund \$50 million settlement payment
- FY23 is expected to grow 6% due to:
 - Oil & natural gas strength
 - Continued employment recovery and wage & salary growth
- FY24 – steady growth forecast due to:
 - Stabilizing labor market
 - Still not at pre COVID-19 growth rates for GRT

Severance Taxes & Rents & Royalties

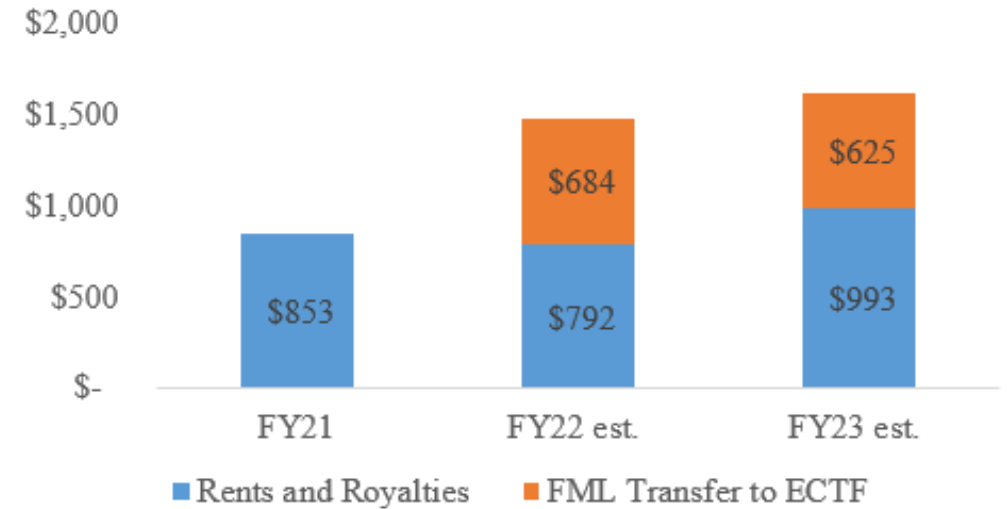
Severance Taxes, Rents & Royalties

Severance Tax Revenues for FY21, FY22, and FY23 (\$ millions)



Source: DFA, CREG, Author's calculation, Early Childhood Trust Fund (ECTF)

Royalty Revenues for FY21, FY22, and FY23 (\$ millions)



Source: DFA, CREG, Author's calculation, Early Childhood Trust Fund (ECTF)

- Stronger oil prices and increased production is driving revenue growth and transfers.
- FY21: severance tax revenues increased 8.5% from \$440 million in FY20 to \$477.3 million.
- \$342.7 million emergency school tax in excess of the 5-year average was transferred to the Early Childhood Trust Fund.
- FY22: severance tax general fund revenues are expected to increase 26.6% from \$477.3 million to \$604.3 million

General Fund Overview

General Fund Overview

FY21

- FY2021 GF Recurring Revenue increased by 2.9% over FY2020
- FY2021 GF Reserves are \$2.5 billion or 35.4% of recurring appropriations

FY22

- FY2022 GF Recurring Revenue is estimated to increase by 1% vs. FY2021
- FY2022 GF Reserves are estimated at \$3.27 billion or 43.9% of recurring appropriations*

FY23

- FY2023 GF Recurring Revenue is forecasted to grow by 10.9% vs. FY2022
- “New Money” for FY2023 is forecasted to be \$1.6 billion

* Pending 2022 legislative appropriations

NM Consensus Revenue Summary

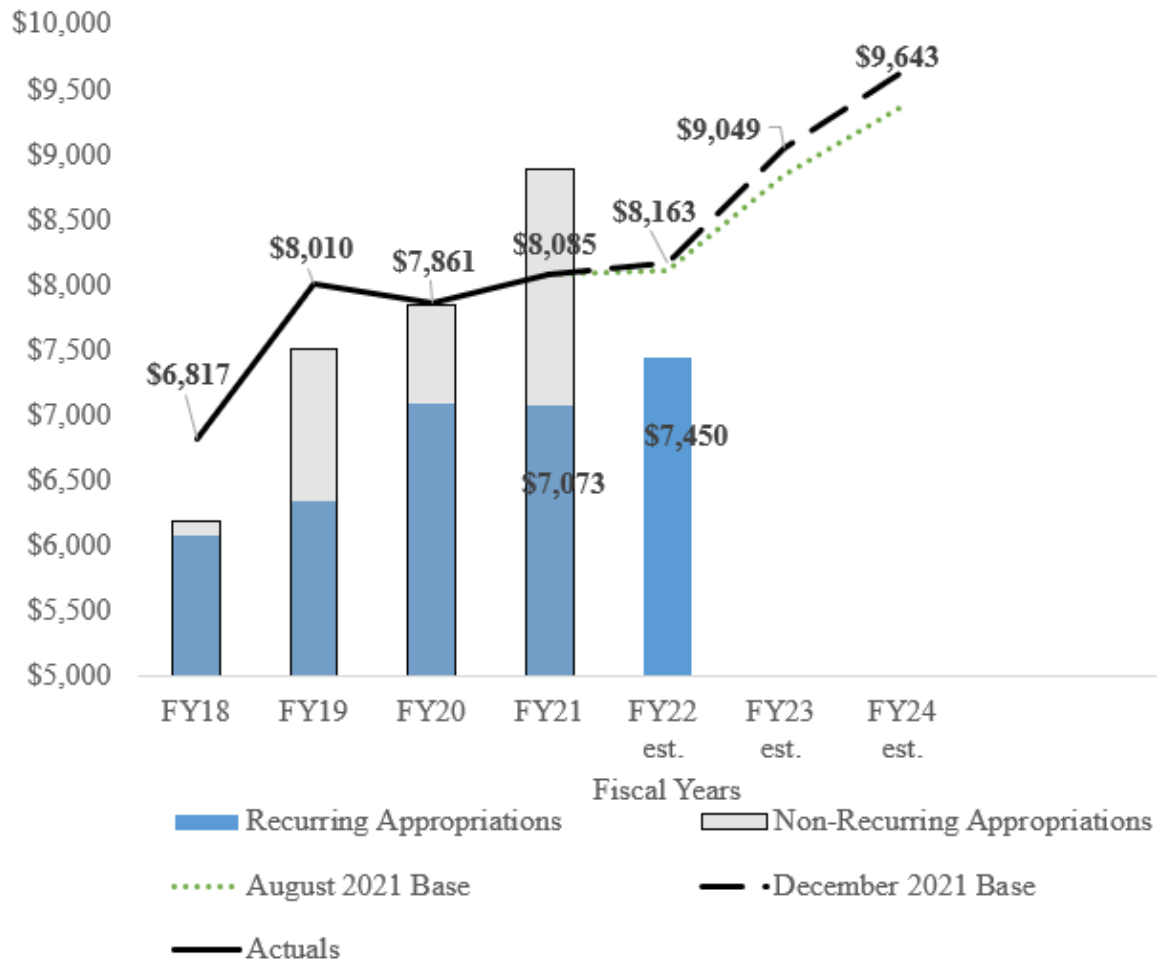
Table 1
December 2021 Consensus General Fund Forecast
(Millions of Dollars)

	FY21		FY22		FY23		FY24	
	\$ Millions	% Change	\$ Millions	% Change	\$ Millions	% Change	\$ Millions	% Change
General Sales	\$ 2,914	-3.0%	\$ 2,865	-1.7%	\$ 3,047	6.3%	\$ 3,157	3.6%
Selective Sales	\$ 624	10.7%	\$ 641	2.7%	\$ 705	10.0%	\$ 726	3.0%
Income Taxes	\$ 2,054	17.0%	\$ 1,991	-3.0%	\$ 2,107	5.8%	\$ 2,128	1.0%
O&G Revenue	\$ 1,331	0.0%	\$ 1,396	4.9%	\$ 1,822	30.5%	\$ 2,168	19.0%
Investment Income	\$ 961	-3.0%	\$ 1,039	8.1%	\$ 1,142	9.9%	\$ 1,237	8.3%
Other	\$ 202	-18.7%	\$ 230	14.3%	\$ 227	-1.7%	\$ 228	0.5%
Total Recurring Revenue	\$ 8,085	2.9%	\$ 8,163	1.0%	\$ 9,049	10.9%	\$ 9,643	6.6%
Total Nonrecurring	\$ (34)		\$ (8)					
Grand Total Revenue	\$ 8,051	-1.6%	\$ 8,155	1.3%	\$ 9,049	11.0%	\$ 9,643	6.6%

- FY21 revenues were stronger versus FY20 particularly with income taxes and selective sales
- FY22 does not grow significantly mainly due to legislative adjustments
- FY23 has higher growth than normal mainly due to the impact of legislative adjustments in FY22

NM Consensus Revenue Summary

Consensus General Fund Recurring Revenue Forecast FY22 to FY24



Source: DFA, CREG

December 2021 Forecast compared to the August 2021 Forecast

Forecast	FY21	FY22	FY23	FY24
December 2021 Base	\$ 8,085	\$ 8,163	\$ 9,049	\$ 9,643
August 2021 Base	\$ 8,046	\$ 8,109	\$ 8,842	\$ 9,376

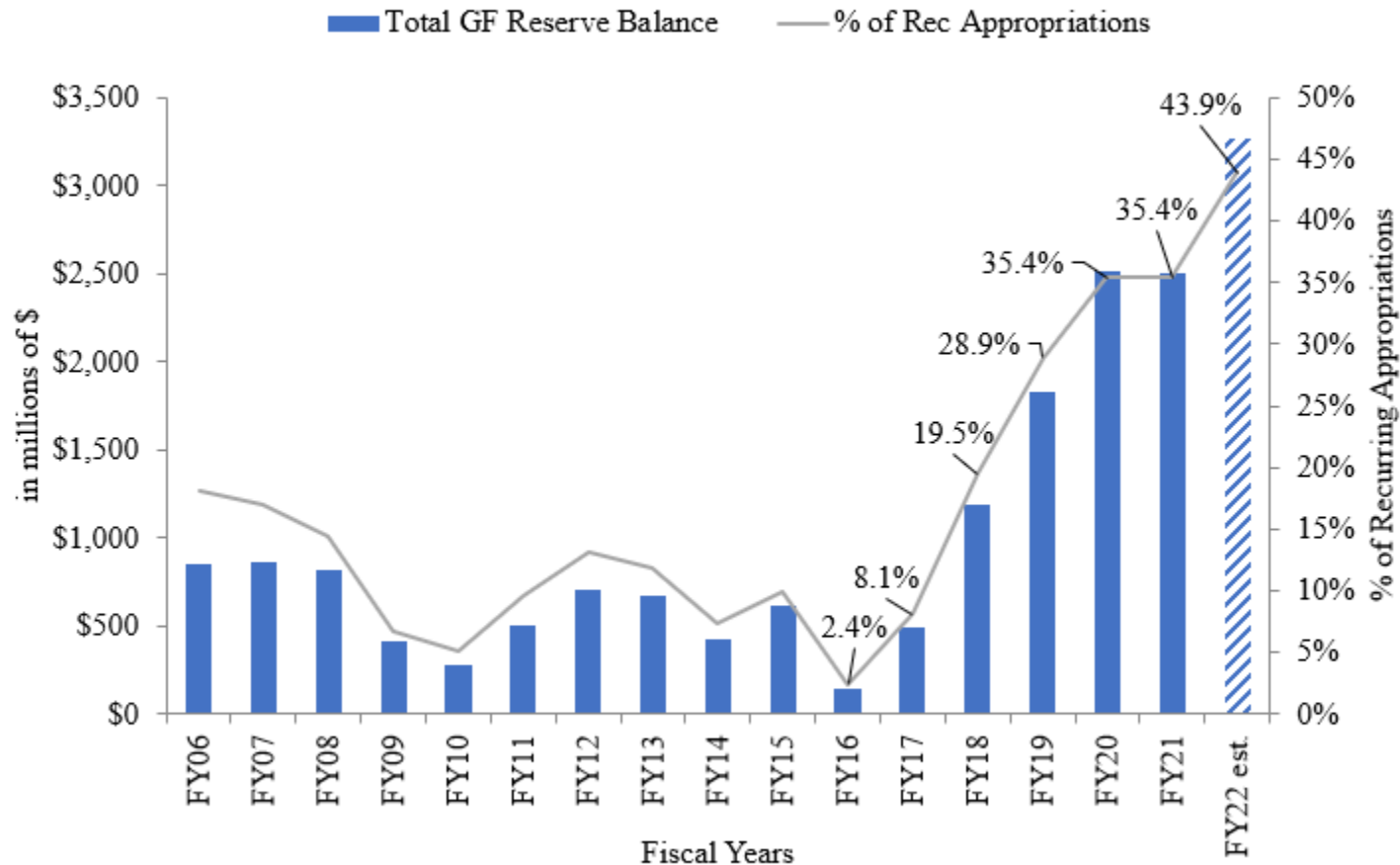
December 2021 Forecast compared to the August 2021 Forecast

Forecast	FY21	FY22	FY23	FY24
August 2021 Base	\$ 39	\$ 54	\$ 207	\$ 267

- The December 2021 consensus general fund forecast has improved over the August 2021 forecast by \$54 million in FY22, \$207 million in FY23, \$267 million in FY24
- Despite significant upward revisions of oil prices and volumes, FY22 estimate increased by less than 1%, only \$11 million of the \$54 coming from direct oil and gas revenue
- FY23 and FY24 increases over August 2021 forecast more significantly tied to oil and gas revenues

General Fund Reserves

General Fund Reserve Balances as a Percent of Recurring Appropriations



Source: DFA, FCD

- FY21 general fund reserve balances are \$2.5 billion or 35.4% of recurring appropriations
- Total general fund reserves are estimated at \$3.27 billion or 43.9% of recurring appropriations at the end of FY22.*
(*pending 2022 legislative appropriations)

General Fund Financial Summary (\$ in millions)

	FY2021	FY2022	FY2023
Beginning Balance (General Fund Reserves)	\$2,513.6	\$2,504.8	\$3,273.9
Total Revenue (Recurring Revenue)	\$8,085.2	\$8,163.1	\$9,049.1
Spending (Recurring Appropriations)	(\$7,072.9)	(\$7,449.7)	“New Money” \$1.6 billion or 21.5%
Reserve Transfers, etc.	(\$103.2)	\$705.2	
Ending Balance (General Fund Reserves)	\$2,504.8	\$3,273.9	
General Fund Reserves as a Percent of Recurring Appropriations	35.4%	43.9%*	

* Pending 2022 legislative appropriations

Risks to the Forecast

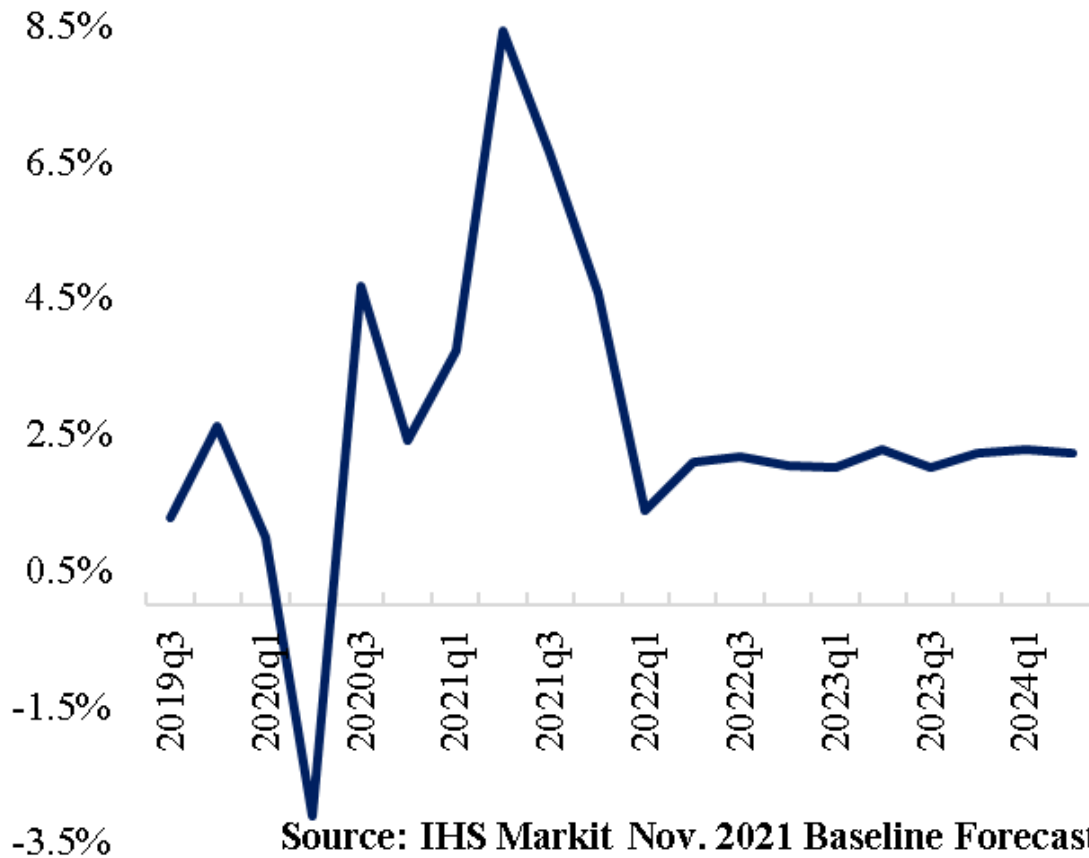
➤ Upside

- Moody's baseline outlook expects that the U.S. will effectively achieve herd resiliency in August 2021
- IHS upside assumes quicker recovery in consumer spending and productivity
- Higher oil prices as the recovering global economy increases oil demand above current forecasts
- OPEC + delays oil production increases thereby continued upward pressure on world oil prices
- More pronounced New Mexico economic impact from federal Infrastructure, Investments and Jobs Act
- Passage of a federal social spending bill, 'Build Back Better' legislation

➤ Downside

- Federal Debt Ceiling new December deadline
- Surging COVID-19 cases - slowing the recovery momentum
 - Strain on health system and medial labor resources
 - COVID-19 Omicron variant impacting consumer confidence and spending worldwide and domestically
- COVID-19 Omicron variant impact to global oil demand
- OPEC + increases oil production thereby putting downward pressure on world oil prices

Consumer Prices, all urban
(% change from prior quarter, annual rate)

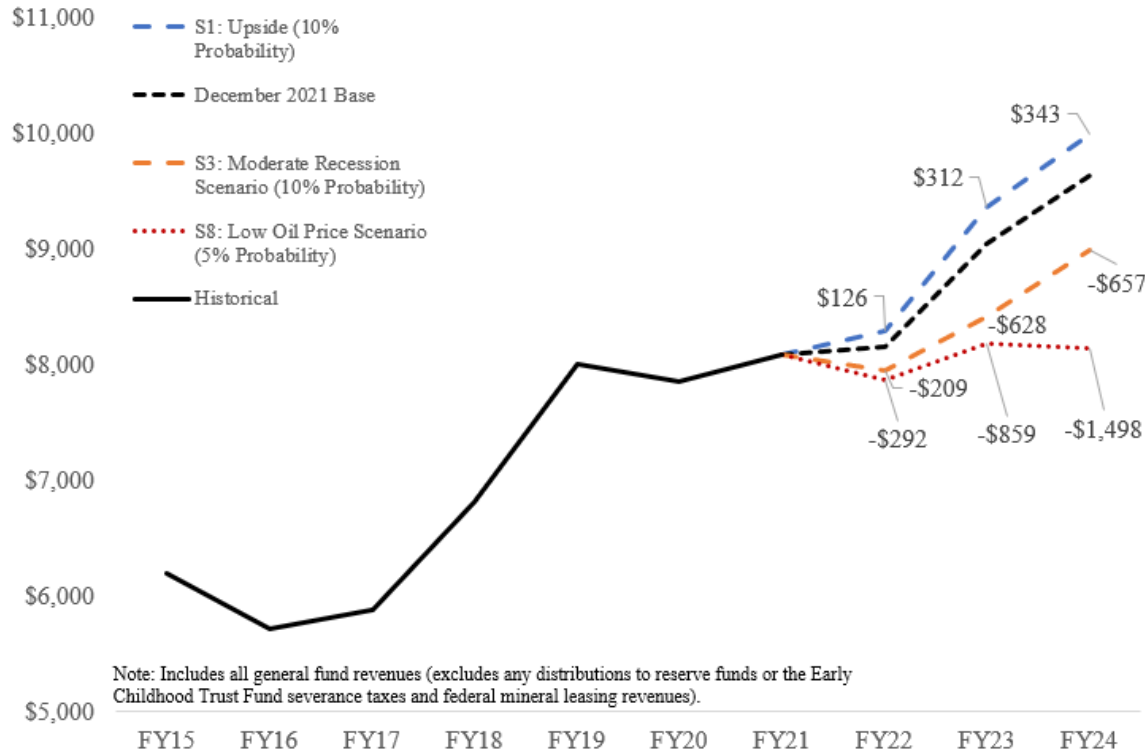


Other Risks

- Tight labor market, supply constraints point to near term inflation concerns however national forecasters expect higher inflation to be temporary
 - Shortages of materials are driving up the cost of goods, while the tight labor market is pushing up wages.
- Labor market continues to be in a flux
 - Job openings reached a record high this summer.
 - Quit rates also at historically high levels.
 - Slow employment recovery in low wage sectors is a concern

Stress Test

Revenue Sensitivity Analysis



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

- The moderate recession scenario forecast illustrates that a prolonged economic downturn of one to two years could result in general fund revenues being lower than the baseline by \$209 million to \$628 million
- The low oil price scenario forecast illustrates that a prolonged economic downturn of one to two years could result in general fund revenues being lower than the baseline by \$292 million to \$859 million
- Impact by major revenue program is illustrated in the tables with breakdown of the impact to general fund and the estimated transfers to the Tax Stabilization Reserve or the Early Childhood Trust Fund

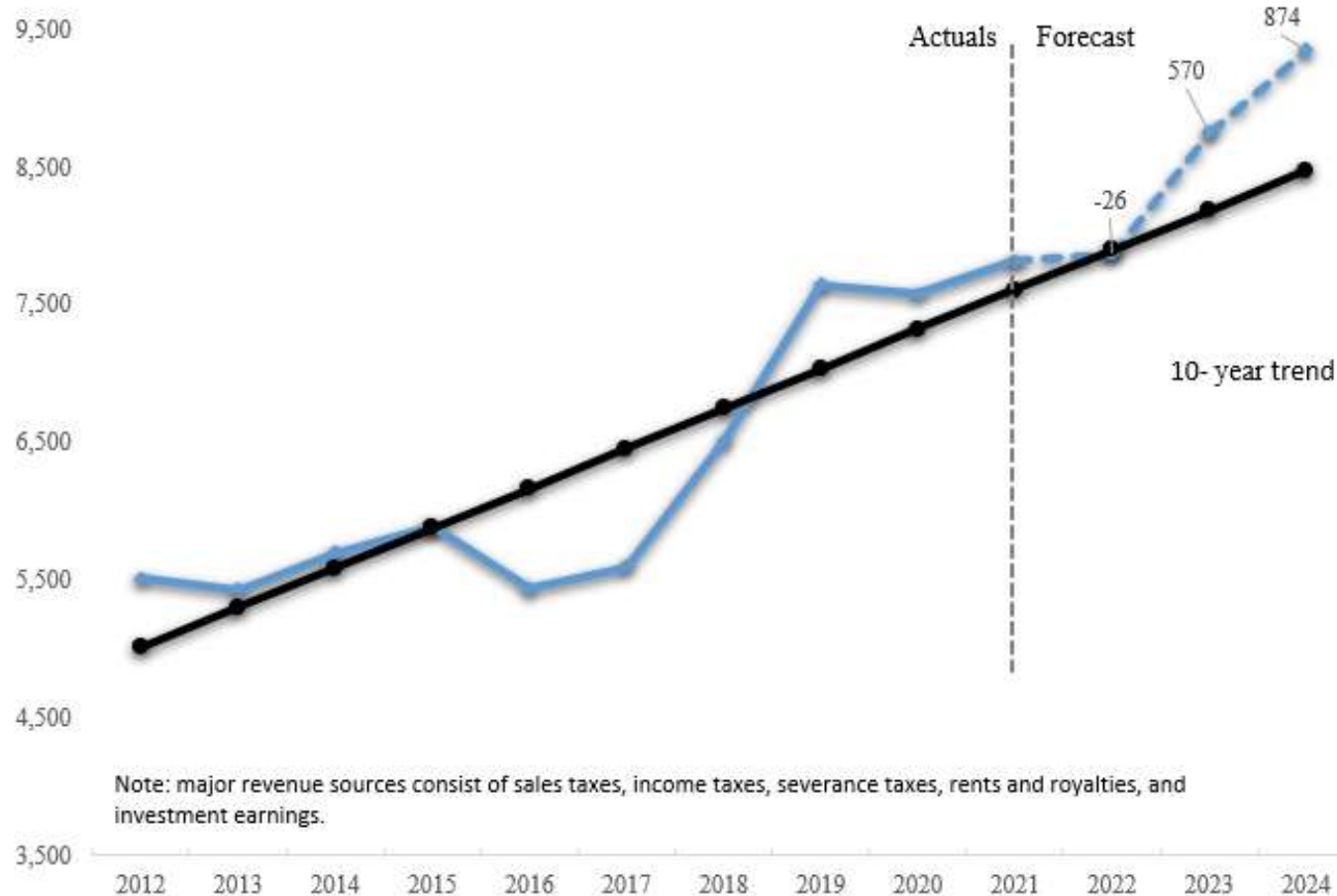
Upside Scenario (in millions)			
	FY22	FY23	FY24
GRT	\$ 63	\$ 143	\$ 144
PIT	\$ 48	\$ 86	\$ 47
Severance to GF	\$ 14	\$ 60	\$ 88
Severance to TSR	\$ 255	\$ 78	\$ 73
FML	\$ (0)	\$ 23	\$ 64
FML to ECTF	\$ 115	\$ 182	\$ 135
TOTAL	\$ 496	\$ 572	\$ 550
<i>Total GF</i>	<i>\$ 126</i>	<i>\$ 312</i>	<i>\$ 343</i>
<i>Total TSR/ECTF</i>	<i>\$ 371</i>	<i>\$ 260</i>	<i>\$ 208</i>
<i>% TSR/ECTF</i>	<i>75%</i>	<i>45%</i>	<i>38%</i>

Moderate Recession Scenario (in millions)			
	FY22	FY23	FY24
GRT	\$ (125)	\$ (301)	\$ (269)
PIT	\$ (82)	\$ (192)	\$ (95)
Severance	\$ (2)	\$ (94)	\$ (162)
Severance to TSR	\$ (237)	\$ (448)	\$ (135)
FML	\$ (0)	\$ (41)	\$ (131)
FML to ECTF	\$ (202)	\$ (413)	\$ (312)
TOTAL	\$ (648)	\$ (1,489)	\$ (1,103)
<i>Total GF</i>	<i>\$ (209)</i>	<i>\$ (628)</i>	<i>\$ (657)</i>
<i>Total TSR/ECTF</i>	<i>\$ (439)</i>	<i>\$ (861)</i>	<i>\$ (446)</i>
<i>% TSR/ECTF</i>	<i>68%</i>	<i>58%</i>	<i>40%</i>

Low Oil Price Scenario (in millions)			
	FY22	FY23	FY24
GRT	\$ (223)	\$ (468)	\$ (626)
PIT	\$ (61)	\$ (137)	\$ (168)
Severance	\$ (9)	\$ (201)	\$ (356)
Severance to TSR	\$ (345)	\$ (448)	\$ (253)
FML	\$ (0)	\$ (54)	\$ (348)
FML to ECTF	\$ (267)	\$ (499)	\$ (322)
TOTAL	\$ (905)	\$ (1,806)	\$ (2,073)
<i>Total GF</i>	<i>\$ (292)</i>	<i>\$ (859)</i>	<i>\$ (1,498)</i>
<i>Total TSR/ECTF</i>	<i>\$ (613)</i>	<i>\$ (948)</i>	<i>\$ (576)</i>
<i>% TSR/ECTF</i>	<i>68%</i>	<i>52%</i>	<i>28%</i>

General Fund Revenue vs. 10 Year Trend

Volatility in Major General Fund Revenue Sources (Deviation from 10-year trend line FY12-FY21)



Source: DOT, CREG December 2021 Revenue Estimate (\$ millions)

- Volatility analysis shows how far revenues deviate from a 10-year trend
- This analysis highlights above and below trend revenue years
- Years with significant above trend revenue may not be sustainable in the long term and years with below trend revenue may stress the state's resources and economy
- New Mexico's general fund revenue average annual growth rate is 4.9% (2012-2021 trend)

Appendix

Appendix 1a:

Revenue Source	FY21					FY22					FY23				
	Aug 2021 Est.	Dec. 2021 Actual Unaudited	Change from Prior (Aug 21)	% Change from FY20	\$ Change from FY20	Aug 2021 Est.	Dec. 2021 Est.	Change from Prior (Aug 21)	% Change from FY21	\$ Change from FY21	Aug 2021 Est.	Dec. 2021 Est.	Change from Prior (Aug 21)	% Change from FY22	\$ Change from FY22
Base Gross Receipts Tax	2,965.1	2,971.7	6.6	-4.3%	(132.5)	2,890.0	2,915.0	25.0	-1.9%	(56.7)	3,053.2	3,080.6	27.4	5.7%	165.6
F&M Hold Harmless Payments	(113.4)	(121.4)	(8.0)	-25.1%	40.6	(106.8)	(111.5)	(4.7)	-8.1%	9.9	(97.0)	(101.9)	(4.9)	-8.6%	9.6
NET Gross Receipts Tax	2,851.7	2,850.3	(1.4)	-3.1%	(91.8)	2,783.2	2,803.5	20.3	-1.6%	(46.8)	2,956.2	2,978.7	22.5	6.2%	175.2
Compensating Tax	62.8	63.9	1.1	0.6%	0.4	61.2	61.6	0.4	-3.6%	(2.3)	64.7	68.3	3.7	10.9%	6.7
TOTAL GENERAL SALES	2,914.5	2,914.2	(0.3)	-3.0%	(91.4)	2,844.4	2,865.1	20.7	-1.7%	(49.1)	3,020.9	3,047.0	26.2	6.4%	181.9
Tobacco Taxes	90.5	90.5	-	1.9%	1.7	90.4	90.6	0.2	0.1%	0.1	89.1	89.0	(0.1)	-1.8%	(1.6)
Liquor Excise	25.6	24.6	(1.0)	0.0%	(0.0)	24.7	24.8	0.1	0.8%	0.2	24.9	24.5	(0.4)	-1.2%	(0.3)
Cannabis Excise	n/a	n/a	-	-	-	6.2	6.2	-	-	-	27.9	27.9	-	350.0%	21.7
Insurance Taxes	290.9	292.7	1.7	12.9%	33.5	293.8	307.0	13.2	4.9%	14.3	348.8	347.7	(1.1)	13.3%	40.8
Fire Protection Fund Reversion	12.0	12.0	-	-	12.0	-	-	-	-100.0%	(12.0)	-	-	-	-	-
Motor Vehicle Excise	174.1	174.1	-	26.4%	36.3	137.5	142.1	4.6	-18.4%	(32.0)	139.7	143.1	3.4	0.7%	1.0
Gaming Excise	24.7	24.7	-	-46.4%	(21.4)	66.7	64.5	(2.2)	161.7%	39.9	66.0	66.5	0.5	3.1%	2.0
Leased Vehicle & Other	5.5	5.5	(0.0)	-26.3%	(2.0)	5.5	5.8	0.3	5.8%	0.3	6.0	6.3	0.3	7.8%	0.5
TOTAL SELECTIVE SALES	623.3	624.0	0.7	10.7%	60.2	624.8	641.0	16.2	2.7%	17.0	702.4	705.0	2.6	10.0%	64.0
Personal Income Tax	1,899.1	1,904.1	5.0	12.5%	212.2	1,860.9	1,881.5	20.6	-1.2%	(22.6)	1,982.2	2,038.5	56.3	8.3%	157.0
Gross Corporate Income Tax	228.1	189.5	(38.6)	35.8%	50.0	224.9	212.4	(12.5)	12.1%	22.9	233.4	201.8	(31.6)	-5.0%	(10.6)
CIT Refundable Credits	(83.1)	(39.8)	43.3	-47.8%	36.5	(111.4)	(102.6)	8.8	157.8%	(62.8)	(139.1)	(133.7)	5.4	30.3%	(31.1)
NET Corporate Income Tax	145.0	149.7	4.7	136.9%	86.5	113.5	109.8	(3.7)	-26.7%	(39.9)	94.3	68.1	(26.2)	-38.0%	(41.7)
TOTAL INCOME TAXES	2,044.1	2,053.8	9.7	17.0%	298.7	1,974.4	1,991.3	16.9	-3.0%	(62.5)	2,076.5	2,106.6	30.1	5.8%	115.3
Gross Oil and Gas School Tax	755.1	763.1	8.0	37.6%	208.3	1,029.4	1,349.8	320.4	76.9%	586.7	952.7	1,183.1	230.4	-12.3%	(166.7)
Excess to TSR or Early Childhood Trust Fund	(334.7)	(342.7)	(8.0)	106.3%	(176.6)	(505.4)	(824.1)	(318.7)	140.5%	(481.4)	(283.6)	(448.3)	(164.7)	-45.6%	375.8
NET Oil & Gas School Tax	420.4	420.4	0.0	8.2%	31.7	524.0	525.7	1.7	25.0%	105.3	669.1	734.8	65.7	39.8%	209.1
Oil Conservation Tax	38.9	39.6	0.7	34.2%	10.1	53.1	62.0	8.9	56.5%	22.4	49.2	61.1	11.9	-1.5%	(0.9)
Resources Excise Tax	6.7	6.8	0.1	-4.9%	(0.3)	7.6	7.6	-	11.8%	0.8	7.0	7.0	-	-7.9%	(0.6)
Natural Gas Processors Tax	10.4	10.5	0.1	-28.9%	(4.3)	8.6	9.1	0.5	-13.3%	(1.4)	21.0	25.8	4.8	183.5%	16.7
TOTAL SEVERANCE TAXES	476.4	477.3	0.9	8.5%	37.2	593.3	604.3	11.0	26.6%	127.0	746.3	828.6	82.3	37.1%	224.3
LICENSE FEES	51.4	21.8	(29.6)	-56.8%	(28.7)	60.1	58.5	(1.6)	168.0%	36.6	59.7	57.9	(1.8)	-0.9%	(0.5)
LGPF Interest	720.8	721.6	0.8	7.1%	48.1	777.1	777.1	-	7.7%	55.5	848.5	848.6	0.1	9.2%	71.5
STO Interest	5.2	5.3	0.1	-94.2%	(86.4)	26.3	15.8	(10.6)	194.5%	10.4	20.9	30.4	9.5	93.1%	14.7
STPF Interest	234.0	234.0	0.0	3.9%	8.8	246.4	246.4	(0.0)	5.3%	12.4	261.5	263.0	1.5	6.7%	16.6
TOTAL INTEREST	960.0	961.0	1.0	-3.0%	(29.5)	1,049.8	1,039.2	(10.6)	8.1%	78.3	1,130.9	1,142.0	11.1	9.9%	102.8
Gross Federal Mineral Leasing	811.0	811.5	0.5	-0.7%	(5.6)	1,180.1	1,439.3	259.2	77.4%	627.8	1,267.6	1,580.8	313.3	9.8%	141.6
Excess to Early Childhood Trust Fund	n/a	n/a	-	-	-	(425.2)	(684.3)	(259.1)	-	-	(363.9)	(625.2)	(261.3)	-8.6%	59.1
NET Federal Mineral Leasing	811.0	811.5	0.5	-0.7%	(5.6)	754.9	755.0	0.1	-7.0%	(56.5)	903.7	955.7	51.9	26.6%	200.7
State Land Office	38.0	41.8	3.8	-40.2%	(28.1)	38.3	36.7	(1.6)	-12.1%	(5.1)	38.3	37.6	(0.7)	2.5%	0.9
TOTAL RENTS & ROYALTIES	849.0	853.3	4.3	-3.8%	(33.7)	793.2	791.7	(1.5)	-7.2%	(61.6)	942.0	993.3	51.2	25.5%	201.6
TRIBAL REVENUE SHARING	29.7	48.2	18.4	6.0%	2.7	71.8	72.8	1.0	51.2%	24.7	73.5	76.6	3.0	5.1%	3.7
MISCELLANEOUS RECEIPTS	47.4	41.1	(6.2)	-1.0%	(0.4)	46.9	49.2	2.2	19.6%	8.0	39.5	42.1	2.6	-14.4%	(7.1)
REVERSIONS	50.0	90.6	40.6	11.7%	9.5	50.0	50.0	-	-44.8%	(40.6)	50.0	50.0	-	0.0%	-
TOTAL RECURRING	8,045.7	8,085.2	39.4	2.9%	224.6	8,108.6	8,163.1	54.4	1.0%	77.9	8,841.7	9,049.1	207.4	10.9%	886.1
2021 Nonrecurring Legislation	(147.0)	(148.8)	(1.8)	-	(148.8)	(13.8)	(8.2)	5.6	-94.5%	140.6	-	-	-	-100.0%	8.2
Other Nonrecurring	82.6	114.6	32.0	-	114.6	-	-	-	-100.0%	(114.6)	-	-	-	-	-
TOTAL NONRECURRING	(64.4)	(34.2)	30.2	-110.6%	(356.5)	(13.8)	(8.2)	5.6	-76.0%	26.0	-	-	-	-100.0%	8.2
GRAND TOTAL General Fund	7,981.4	8,051.0	69.6	-1.6%	(131.9)	8,094.8	8,154.9	60.0	1.3%	103.9	8,841.7	9,049.1	207.4	11.0%	894.3

Note: Columns in blue show difference between December 2021 Consensus Revenue Estimate (legislation-adjusted) and August 2021 Consensus Revenue Estimate

Note: Columns in red show year-over-year growth expected in the December 2021 Consensus Revenue Estimate

Appendix 1b:

Revenue Source	FY24					FY25					FY 26				
	Aug 2021 Est.	Dec. 2021 Est.	Change from Prior (Aug 21)	% Change from FY23	\$ Change from FY23	Aug 2021 Est.	Dec. 2021 Est.	Change from Prior (Aug 21)	% Change from FY24	\$ Change from FY24	Aug 2021 Est.	Dec. 2021 Est.	Change from Prior (Aug 21)	% Change from FY25	\$ Change from FY25
Base Gross Receipts Tax	3,152.8	3,180.2	27.4	3.2%	99.6	3,251.9	3,274.9	23.0	3.0%	94.7	3,359.0	3,378.2	19.2	3.2%	103.3
F&M Hold Harmless Payments	(87.4)	(92.4)	(5.0)	-9.3%	9.5	(77.2)	(82.4)	(5.2)	-10.8%	10.0	(66.5)	(71.5)	(5.0)	-13.2%	10.9
NET Gross Receipts Tax	3,065.4	3,087.8	22.4	3.7%	109.1	3,174.7	3,174.7	-	2.8%	86.9	3,292.5	3,292.5	-	3.7%	117.8
Compensating Tax	66.8	68.9	2.2	0.9%	0.6	68.8	68.9	0.1	-0.1%	(0.1)	70.9	71.1	0.2	3.3%	2.3
TOTAL GENERAL SALES	3,132.2	3,156.7	24.6	3.6%	109.7	3,243.5	3,243.6	0.1	2.8%	86.8	3,363.4	3,363.6	0.2	3.7%	120.1
Tobacco Taxes	88.1	88.3	0.2	-0.8%	(0.7)	87.4	87.7	0.3	-0.7%	(0.6)	86.7	87.3	0.6	-0.5%	(0.4)
Liquor Excise	25.1	24.7	(0.4)	0.7%	0.2	25.3	24.8	(0.5)	0.7%	0.2	25.4	25.0	(0.4)	0.7%	0.2
Cannabis Excise	31.9	31.9	-	14.3%	4.0	35.7	35.7	-	11.9%	3.8	42.7	42.7	-	19.6%	7.0
Insurance Taxes	369.4	360.4	(9.0)	3.7%	12.7	454.8	425.3	(29.5)	18.0%	64.8	491.3	432.4	(58.9)	1.7%	7.2
Fire Protection Fund Reversion	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Motor Vehicle Excise	141.5	146.4	4.9	2.3%	3.3	147.4	152.3	4.9	4.1%	5.9	151.5	159.1	7.6	4.5%	6.8
Gaming Excise	66.6	67.3	0.7	1.2%	0.8	65.9	66.9	1.0	-0.6%	(0.4)	65.9	67.1	1.2	0.3%	0.2
Leased Vehicle & Other	6.3	6.8	0.5	8.8%	0.6	6.6	6.9	0.3	1.5%	0.1	6.6	6.8	0.2	-1.4%	(0.1)
TOTAL SELECTIVE SALES	728.9	725.8	(3.1)	3.0%	20.8	823.1	799.7	(23.5)	10.2%	73.8	870.1	820.5	(49.6)	2.6%	20.8
Personal Income Tax	2,069.5	2,084.1	14.6	2.2%	45.6	2,187.2	2,160.4	(26.8)	3.7%	76.3	2,298.2	2,243.0	(55.2)	3.8%	82.6
Gross Corporate Income Tax	239.5	203.8	(35.7)	1.0%	2.0	242.9	209.1	(33.8)	2.6%	5.3	247.5	216.3	(31.2)	3.4%	7.2
CIT Refundable Credits	(159.8)	(160.2)	(0.4)	19.8%	(26.5)	(159.8)	(160.2)	(0.4)	0.0%	-	(159.8)	(160.2)	(0.4)	0.0%	-
NET Corporate Income Tax	79.7	43.6	(36.1)	-36.0%	(24.5)	83.1	48.9	(34.2)	12.2%	5.3	87.7	56.1	(31.6)	14.7%	7.2
TOTAL INCOME TAXES	2,149.2	2,127.7	(21.5)	1.0%	21.1	2,270.3	2,209.3	(61.0)	3.8%	81.6	2,385.9	2,299.1	(86.8)	4.1%	89.8
Gross Oil and Gas School Tax	915.5	1,134.5	219.0	-4.1%	(48.6)	923.1	1,145.1	222.0	0.9%	10.5	948.8	1,176.4	227.6	2.7%	31.3
Excess to TSR or Early Childhood Trust Fund	(146.0)	(253.3)	(107.3)	-43.5%	195.1	(81.6)	(148.0)	(66.4)	-41.6%	105.3	(33.7)	(61.3)	(27.6)	-58.6%	86.7
NET Oil & Gas School Tax	769.5	881.2	111.7	19.9%	146.5	841.5	997.1	155.6	13.1%	115.8	915.1	1,115.1	200.0	11.8%	118.1
Oil Conservation Tax	47.6	58.8	11.2	-3.7%	(2.3)	48.0	59.4	11.4	1.1%	0.6	49.3	61.3	12.0	3.1%	1.8
Resources Excise Tax	7.1	7.1	-	1.4%	0.1	7.1	7.1	-	0.0%	-	7.1	7.1	-	0.0%	-
Natural Gas Processors Tax	18.0	24.1	6.1	-6.6%	(1.7)	14.8	18.7	3.9	-22.4%	(5.4)	13.3	17.2	3.9	-8.0%	(1.5)
TOTAL SEVERANCE TAXES	842.2	971.2	129.0	17.2%	142.6	911.4	1,082.3	170.9	11.4%	111.1	984.8	1,200.7	215.9	10.9%	118.4
LICENSE FEES	59.5	57.3	(2.3)	-1.2%	(0.7)	58.7	56.2	(2.5)	-1.8%	(1.1)	58.6	56.6	(1.9)	0.7%	0.4
LGPF Interest	917.3	920.1	2.8	8.4%	71.5	1,003.1	1,011.3	8.2	9.9%	91.2	1,077.0	1,090.0	13.0	7.8%	78.7
STO Interest	22.5	33.2	10.7	9.0%	2.7	32.9	31.3	(1.7)	-5.7%	(1.9)	33.1	36.5	3.4	16.9%	5.3
STPF Interest	278.5	283.8	5.3	7.9%	20.9	298.4	309.0	10.6	8.9%	25.1	313.5	330.6	17.1	7.0%	21.7
TOTAL INTEREST	1,218.3	1,237.1	18.8	8.3%	95.1	1,334.4	1,351.5	17.1	9.2%	114.4	1,423.6	1,457.2	33.6	7.8%	105.7
Gross Federal Mineral Leasing	1,208.3	1,481.3	273.0	-6.3%	(99.5)	1,177.9	1,442.4	264.5	-2.6%	(38.9)	1,198.2	1,469.8	271.6	1.9%	27.3
Excess to Early Childhood Trust Fund	(163.9)	(322.3)	(158.4)	-48.4%	302.8	(121.1)	(216.4)	(95.3)	-32.9%	105.9	(69.2)	(118.7)	(49.5)	-45.2%	97.7
NET Federal Mineral Leasing	1,044.4	1,159.0	114.6	21.3%	203.3	1,056.8	1,226.0	169.2	5.8%	67.0	1,129.0	1,351.1	222.1	10.2%	125.1
State Land Office	38.3	37.9	(0.4)	0.8%	0.3	38.3	38.2	(0.1)	0.9%	0.3	38.3	38.6	0.3	0.9%	0.4
TOTAL RENTS & ROYALTIES	1,082.7	1,196.9	114.2	20.5%	203.6	1,095.1	1,264.2	169.1	5.6%	67.3	1,167.3	1,389.7	222.4	9.9%	125.4
TRIBAL REVENUE SHARING	75.4	78.7	3.3	2.8%	2.1	77.2	80.8	3.6	2.7%	2.1	79.1	82.9	3.8	2.7%	2.2
MISCELLANEOUS RECEIPTS	37.8	41.7	3.9	-0.8%	(0.3)	38.9	41.2	2.3	-1.2%	(0.5)	38.8	41.5	2.8	0.7%	0.3
REVERSIONS	50.0	50.0	-	0.0%	-	50.0	50.0	-	0.0%	-	50.0	50.0	-	0.0%	-
TOTAL RECURRING	9,376.2	9,643.2	267.0	6.6%	594.0	9,902.6	10,178.8	276.1	5.6%	535.6	10,421.6	10,761.8	340.2	5.7%	583.0
2021 Nonrecurring Legislation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Nonrecurring	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL NONRECURRING	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
GRAND TOTAL General Fund	9,376.2	9,643.2	267.0	6.6%	594.0	9,902.6	10,178.8	276.1	5.6%	535.6	10,421.6	10,761.8	340.2	5.7%	583.0

Appendix 2:

U.S. and New Mexico Economic Indicators

	FY21		FY22		FY23		FY24		FY25		FY26	
	Aug 21 Forecast	Dec 21 Forecast	Aug 21 Forecast	Dec 21 Forecast	Aug 21 Forecast	Dec 21 Forecast	Aug 21 Forecast	Dec 21 Forecast	Aug 21 Forecast	Dec 21 Forecast	Aug 21 Forecast	Dec 21 Forecast
National Economic Indicators												
IHS US Real GDP Growth (annual avg., % YOY)*	1.6	1.6	5.7	4.6	2.8	3.8	2.3	2.6	2.3	2.7	2.3	2.6
Moody's US Real GDP Growth (annual avg., % YOY)*	1.6	1.6	6.2	5.0	2.8	3.6	2.9	2.7	2.7	2.5	2.4	2.3
IHS US Inflation Rate (CPI-U, annual avg., % YOY)**	2.3	2.3	4.2	5.0	1.5	2.2	2.0	2.2	2.1	2.2	2.2	2.2
Moody's US Inflation Rate (CPI-U, annual avg., % YOY)**	2.3	2.3	4.2	5.2	2.3	2.5	2.3	2.3	2.3	2.3	2.3	2.3
IHS Federal Funds Rate (%)	0.1	0.1	0.1	0.1	0.1	0.2	0.3	0.6	0.8	1.3	1.3	2.0
Moody's Federal Funds Rate (%)	0.1	0.1	0.1	0.1	0.2	0.3	1.0	1.2	1.9	2.2	2.5	2.6
New Mexico Labor Market and Income Data												
BBER NM Non-Agricultural Employment Growth (%)	-5.3	-5.6	3.4	3.4	2.2	2.4	1.6	1.7	1.4	1.4	1.4	1.4
Moody's NM Non-Agricultural Employment Growth (%)	-5.9	-5.9	4.4	4.6	2.4	2.4	1.1	1.1	0.5	0.5	0.3	0.3
BBER NM Nominal Personal Income Growth (%)***	6.3	7.8	6.6	5.1	-5.5	-4.6	4.6	4.6	4.5	4.9	4.9	5.2
Moody's NM Nominal Personal Income Growth (%)***	6.3	7.8	5.4	6.2	-1.7	-0.8	4.6	4.9	4.5	4.7	4.3	4.4
BBER NM Total Wages & Salaries Growth (%)	0.0	2.4	4.7	3.5	5.2	5.7	4.8	4.4	4.5	4.5	4.4	4.4
Moody's NM Total Wages & Salaries Growth (%)	1.0	2.4	7.1	7.7	4.3	5.3	4.8	5.2	4.1	4.3	4.2	4.3
BBER NM Private Wages & Salaries Growth (%)	0.9	2.6	4.7	3.8	5.8	6.0	5.1	4.9	4.8	4.9	4.6	4.9
BBER NM Real Gross State Product (% YOY)	-0.4	0.8	5.8	3.3	2.4	2.7	2.2	2.5	2.2	2.5	2.1	2.1
Moody's NM Real Gross State Product (% YOY)	0.2	0.8	7.2	5.7	2.8	3.6	2.5	2.6	2.2	2.1	2.0	2.1
CREG NM Gross Oil Price (\$/barrel)	\$49.92	\$50.58	\$63.50	\$71.50	\$58.00	\$64.50	\$56.00	\$60.50	\$55.50	\$59.50	\$55.50	\$59.50
CREG NM Net Oil Price (\$/barrel)*****	\$43.61	\$44.19	\$55.75	\$62.78	\$50.92	\$56.63	\$49.17	\$53.12	\$48.73	\$52.24	\$48.73	\$52.24
BBER Oil Volumes (million barrels)	392	408	396	397	408	410	414	417	420	422	421	426
CREG NM Taxable Oil Volumes (million barrels)	405	408	445	497	460	515	475	539	485	557	495	574
NM Taxable Oil Volumes (%YOY growth)	10.0%	10.8%	9.9%	21.8%	3.4%	3.6%	3.3%	4.7%	2.1%	3.4%	2.1%	3.1%
CREG NM Gross Gas Price (\$ per thousand cubic feet)*****	\$3.32	\$3.40	\$3.75	\$5.00	\$3.25	\$3.80	\$2.75	\$3.40	\$2.70	\$3.30	\$2.80	\$3.35
CREG NM Net Gas Price (\$ per thousand cubic feet)*****	\$2.32	\$2.40	\$2.71	\$3.82	\$2.25	\$2.72	\$1.83	\$2.35	\$1.79	\$2.26	\$1.87	\$2.30
BBER Gas Volumes (billion cubic feet)	1,995	2,137	1,847	2,055	1,874	2,088	1,895	2,113	1,904	2,129	1,945	2,139
CREG NM Taxable Gas Volumes (billion cubic feet)	2,115	2,135	2,270	2,395	2,360	2,420	2,430	2,460	2,470	2,505	2,500	2,535
NM Taxable Gas Volumes (%YOY growth)	15.6%	16.7%	7.3%	12.2%	4.0%	1.0%	3.0%	1.7%	1.6%	1.8%	1.2%	1.2%

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 IHS Markit (November) 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 - October 2020 FOR-UNM baseline. IHS Global Insight - November 2020 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 Moodys 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: November 2021 Moody's economy.com baseline

Appendix 3:

DFA GENERAL FUND FINANCIAL SUMMARY December 2021 Consensus Revenue Estimate (Dollars in Millions)

	Unaudited Actuals FY21	Est. FY22	Est. FY23
APPROPRIATION ACCOUNT			
Revenue:			
Recurring Revenue:			
August 2021 Consensus Revenue Forecast	\$ 8,045.7	\$ 8,108.6	\$ 8,841.7
December 2021 Forecast Revisions	\$ 39.4	\$ 54.4	\$ 207.4
Subtotal Recurring Revenue	\$ 8,085.2	\$ 8,163.1	\$ 9,049.1
Nonrecurring Revenue			
Federal Stimulus Funds	\$ 750.0		
2021 Session Nonrecurring Revenue	\$ (148.8)	\$ (8.2)	
Other nonrecurring revenue	\$ 114.6	\$ -	
Subtotal Nonrecurring Revenue	\$ 715.8	\$ (8.2)	\$ -
Total Revenue	\$ 8,801.0	\$ 8,154.9	\$ 9,049.1
Appropriations:			
Recurring Appropriations:			
Prior Legislative Sessions			
2020 Legislative Session and Feed Bill	\$ 7,621.4		
2020 Special Session Solvency Savings	\$ (411.9)		
2021 Legislative Session and Feed Bill	\$ 10.0	\$ 7,449.7	
2020 First Special Session Federal Funds Swaps	\$ (146.6)		
Subtotal Recurring Appropriations	\$ 7,072.9	\$ 7,449.7	
Nonrecurring:			
Prior Legislative Sessions			
Audit Adjustments			
2020 Legislative session	\$ 320.0	\$ -	\$ -
2020 First Special Session Solvency Savings	\$ (20.0)		
2020 GAA Undistributed Nonrecurring Appropriations	\$ 259.5		
2020 Second Special Session Appropriations	\$ 329.2		
2021 Legislative Session Nonrecurring Appropriations	\$ 931.0	\$ -	\$ -
Audit Adjustments	\$ 11.5		
Subtotal Nonrecurring Appropriations	\$ 1,831.2	\$ -	\$ -
Total Appropriations	\$ 8,904.1	\$ 7,449.7	\$ -
Transfers to/(from Reserves)	\$ (103.2)	\$ 705.2	

**FY23
New
Money
\$1.6
billion
or
21.5%**

(Dollars in Millions)

	Est. FY21	Est. FY22	Est. FY23
OPERATING RESERVE			
Beginning Balance	\$ 507.2	\$ 347.5	\$ 565.8
BOF Emergency Appropriations/Reversions	\$ -	\$ (2.5)	\$ (2.5)
Disaster Allotments	\$ (6.7)	\$ -	\$ -
Transfers from/to Appropriation Account	\$ (103.2)	\$ 705.2	\$ -
Transfers to Tax Stabilization Reserve	\$ -	\$ (484.3)	\$ -
Transfers from (to) ACF/Other Appropriations	\$ (50.0)	\$ -	\$ -
Transfers from Tax Stabilization Reserve	\$ -	\$ -	\$ -
	\$ 0.1	\$ -	\$ -
Ending Balance	\$ 347.5	\$ 565.8	\$ 563.3
APPROPRIATION CONTINGENCY FUND			
Beginning Balance	\$ 6.7	\$ 55.5	\$ 47.5
Disaster Allotments	\$ (13.0)	\$ (16.0)	\$ (16.0)
Other Appropriations			
Transfers In ¹	\$ 50.0	\$ -	\$ -
Revenue and Reversions	\$ 11.7	\$ 8.0	\$ 8.0
Ending Balance	\$ 55.5	\$ 47.5	\$ 39.5
STATE SUPPORT RESERVE			
Beginning Balance	\$ 29.1	\$ 4.0	\$ (19.6)
Revenues/Transfers ²	\$ 30.9	\$ 15.5	\$ -
Appropriations ³	\$ (20.9)	\$ -	\$ -
Impact Aid Liability	\$ (35.1)	\$ (39.1)	\$ -
	\$ -	\$ -	\$ -
Ending Balance	\$ 4.0	\$ (19.6)	\$ (19.6)
TOBACCO SETTLEMENT PERMANENT FUND			
Beginning Balance	\$ 243.2	\$ 285.3	\$ 301.0
Transfers In ⁶	\$ 35.3	\$ 12.0	\$ 32.5
Appropriation to Tobacco Settlement Program Fund	\$ (35.5)	\$ (12.0)	\$ (16.3)
Gains/Losses	\$ 42.3	\$ 15.7	\$ 16.6
Additional Transfers from TSPF	\$ -	\$ -	\$ -
Transfer to General Fund Appropriation Account	\$ -	\$ -	\$ -
Ending Balance	\$ 285.3	\$ 301.0	\$ 333.8
TAX STABILIZATION RESERVE			
Beginning Balance	\$ 1,727.3	\$ 1,812.6	\$ 2,379.2
Revenues In ⁴	\$ 342.7	\$ 824.1	\$ 448.3
Transfers In (from Operating Reserve)	\$ -	\$ 484.3	\$ -
Transfer Out to Operating Reserve	\$ -	\$ -	\$ -
Transfers Out to Early Childhood Trust Fund ⁵	\$ (342.7)	\$ (824.1)	\$ (448.3)
Gains/Losses	\$ 87.1	\$ 82.4	\$ 99.7
Other appropriations	\$ -	\$ -	\$ -
Audit Adjustments	\$ (1.9)	\$ -	\$ -
Ending Balance	\$ 1,812.6	\$ 2,379.2	\$ 2,478.9
Total General Fund Ending Balances	\$ 2,504.8	\$ 3,273.9	\$ 3,395.9
Percent of Recurring Appropriations	35.4%	43.9%	

1. Laws 2021, Chapter 137(HB2) appropriated \$50 million from operating reserve to appropriation contingency fund
2. Laws 2019, Chapter 271 (HB2) contained a \$10 million appropriation to the state support reserve fund.
3. Laws 2021, Chapter 137 (HB2) transfers \$15.5 million from K-3 Plus Program Fund to state support reserve fund.

4. Estimated transfers to TSR from excess oil and gas emergency tax revenues in excess of the rolling five-year average.
5. 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.
arbitration ruling to affect FY22; LFC assumes legislation will be proposed to use 100% of revenue for tobacco program fund.
Totals may not sum due to rounding

Appendix 4: Sources and Uses of Bonding Capacity

Sources and Uses of Bonding Capacity Available for Authorization and Severance Tax Permanent Fund Transfer (in millions) DECEMBER 2021 Estimate

Sources of Funds	FY22	FY23	FY24	FY25	FY26	5-Year
General Obligation Bonds	\$259.7		\$259.7		\$259.7	\$779.1
Senior STBs	\$847.3	\$1,108.0	\$1,020.1	\$965.6	\$918.0	\$4,859.0
Severance Tax Bonds	\$647.1	\$647.1	\$647.1	\$647.1	\$647.1	\$3,235.5
Severance Tax Notes	\$200.2	\$460.9	\$373.0	\$318.5	\$270.9	\$1,623.5
Supplemental STBs	\$267.1	\$506.1	\$487.3	\$487.3	\$493.3	\$2,241.0
Supplemental Severance Tax Bonds	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Supplemental Severance Tax Notes	\$267.1	\$506.1	\$487.3	\$487.3	\$493.3	\$2,241.0
TOTAL Sources of Funds	\$1,374.1	\$1,614.1	\$1,767.0	\$1,452.9	\$1,671.0	\$7,879.1

Uses of Funds	FY22	FY23	FY24	FY25	FY26	5-Year
GOB Projects Approved by Referendum	\$259.7		\$259.7		\$259.7	\$779.1
Authorized but Unissued STB Projects (1)	\$31.2	\$0.0	\$0.0	\$0.0	\$0.0	\$31.2
9% of Senior STB for Water Projects	\$76.3	\$99.7	\$91.8	\$86.9	\$82.6	\$437.3
4.5% of Senior STB for Colonias Projects	\$38.1	\$49.9	\$45.9	\$43.5	\$41.3	\$218.7
4.5% of Senior STB for Tribal Projects	\$38.1	\$49.9	\$45.9	\$43.5	\$41.3	\$218.7
New Senior STB Statewide Capital Projects	\$663.5	\$908.6	\$836.5	\$791.8	\$752.8	\$3,953.2
PSCOC Public School Capital	\$242.1	\$506.1	\$487.3	\$487.3	\$493.3	\$2,216.03
PED Instructional Materials/Transportation (2)	\$25.0	\$0.0	\$0.0	\$0.0	\$0.0	\$25.00
TOTAL Uses of Funds	\$1,374.1	\$1,614.1	\$1,767.0	\$1,452.9	\$1,671.0	\$7,879.1

(1) Includes projects authorized that have either not yet met requirements for funding or were not able to be funded with annual senior capacity. Amount will be updated at the end of December 2021, at the time of the Senior Severance Tax Note sale.

(2) Pursuant to 22-24-4 (N) NMSA 1978. This amount shall be reserved for appropriation by the legislature to the instructional material fund or to the transportation distribution of the public school fund.

Estimated Transfer to Severance Tax Permanent Fund						
	FY22	FY23	FY24	FY25	FY26	5-Year
Severance Tax Permanent Fund Transfer	\$766.2	\$118.9	\$122.4	\$137.4	\$173.6	\$1,318.5

Note: The permanent fund transfer will be higher in years in which there is a large difference between the previous year's actual Severance Tax revenues and the current year's estimate. This is evidenced for FY22, as FY21 actual revenues are lower than the projected revenues for FY22.

Appendix 5: Revenue Volatility by Major Revenue Sources

Revenue Volatility by Major Revenue Sources (Deviation from 10-year trend line FY12-FY21)



Source: DOT, CREG December 2021 Revenue Estimate (\$ millions)