

## **Mid-Session Revenue Estimate Update**

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### **Forecast Summary**

- The February forecast shows FY09 revenues \$16 million above the December forecast, but much lower amounts for FY10 through FY13.
- The revenue changes are: FY10 -\$282 million; FY11 -\$238 million; FY12 -\$204 million; and FY13 -\$177 million.
- These changes reflect sharp declines in both oil and natural gas prices, as well as continued weakening in the national economy.
- The consequences of these revenue changes are that the budgets must now be adjusted into balance by increasing revenues, decreasing spending, allowing reserve balances to fall or to use federal fiscal stimulus non-recurring money to temporarily balance the budget as proposed. The total further adjustment beyond or in addition to the -\$293 million embedded in the LFC and DFA proposed FY10 budgets is -\$282 million.

### **Update on the National Economic Outlook**

- The national economy continues to weaken.
- The December forecast reflected national job losses in each of the preceding 11 months, anticipated negative GDP growth for at least four quarters (2008:Q3, 2008:Q4, 2009:Q1 and 2009:Q2) and consumer prices, once rising rapidly, to decline.
- Since the December forecast was made, the national economic outlook has further weakened. The latest (February) forecast by Global Insight (GI) is for even weaker growth in real GDP in 2009 and 2010, with slower inflation.
  - US real GDP is now expected to decline by 1.2% in FY09, rather than the 0.4% assumed in the December forecast. Similarly, although the December estimate assumed GDP growth of 0.1% in FY10, the current forecast assumes a GDP decline of 0.8% in FY10.
  - Inflation is also expected to slow. Rather than a projected inflation rate of 1.6% in FY09, prices are now expected to rise only 1%. The December forecast assumed a rise in prices in FY10 of 0.2%; prices are now expected to fall 0.7%.

### **Update on the New Mexico Economic Outlook**

- The December forecast anticipated slow economic growth for New Mexico this year and then a slight pickup. Employment growth was expected to be 1.0% in FY08, falling to -0.1% for FY09, recovering to 0.6% for FY10 and near 1.5% annually thereafter, with the unemployment rate expected to remain near 4.5% through the next five years after peaking at 4.9% in FY10. Personal income growth was expected to reach 6.4% in FY08 and to remain between 4.5% and 5.5% for the next five years.
- The latest forecast from the FOR-UNM model, which is based on the January GI forecast, indicates further weakness in employment, wages and salaries, and personal income in 2009 and 2010, but indicating growth beginning in 2011.

### **Oil and Natural Gas Revenues**

- For the December forecast, oil prices in New Mexico during FY09 were expected to average \$69 per barrel and natural gas prices to average \$6.05 per MCF, but these averages mask the declines expected during the second half of FY09. Based on the February consensus forecast, FY09 New Mexico oil prices are expected to average \$62 per barrel, and average natural gas price is expected to be \$5.60 per MCF.
- Similarly, in FY10 average oil prices in New Mexico are expected to be \$47 per barrel (down from \$59 per barrel per the December forecast). The natural gas average price is expected to be \$4.80 per MCF (down from \$6.35 per MCF per the December forecast).
- Although oil volumes remain unchanged from the December forecast, natural gas volumes are expected to be consistently lower in FY09 through FY13 than assumed in the December forecast.

### **Gross Receipts and Compensating Tax**

- The Gross Receipts and Compensating Tax forecast is virtually unchanged from the December forecast.
- Some strength in the first part of FY09 was realized as expected but it still appears the second half of FY09 will fare worse leading to annual growth of only 2.6%.
- Even though FY10 is not expected to see negative growth, revenue increases will be the smallest in recent years. In the December estimate growth was expected to be 0.5% and in the current forecast is still expected to stay in positive territory but at only 0.4%.

### **Corporate Income Tax**

- Corporate profits for the non-oil and -gas corporations are expected to drop further according to the recent Global Insight forecast, resulting in lower corporate income tax revenues in FY09. The average oil and gas prices are expected to be further down from the December estimate, for FY09 and FY10 also contributing to the decline.
- Film production tax credit growth is expected to slow down marginally from the December forecast in FY09 and FY10 while picking up again through FY13, demonstrating New Mexico's continued focus in developing its film industry.
- The accelerated bonus depreciation provision in the federal stimulus package, by which corporations can write off their capital investments faster, is expected to cost about \$10 million in CIT revenues for both FY09 and FY10.
- The increase in the federal domestic production deduction rate from 6% to 9% this year is expected to cost another \$4 million in revenues annually.
- The above factors are expected to reduce corporate income tax revenues by about \$45 million in FY09 and by about \$45 million in FY10 from the December estimate, reflecting the significant downturn in the economy.

### **Personal Income Tax**

- The most recent Bureau of Business and Economic Research forecast of New Mexico personal income growth indicates consistently slower growth in FY09 through FY13 than the growth rates used for the December forecast.
- The New Mexico Working Families Tax Credit piggybacks on the Earned Income Tax Credit, which is increased and extended in the federal stimulus package. This will result in a recurring revenue reduction of approximately \$2 million.

- Personal income tax revenues are expected to be approximately \$6.5 million lower in FY09 and \$20 million lower in FY10 than the December forecast.

### **Federal Stimulus**

- The \$1.5 to \$1.6 billion in total federal stimulus funds will give the State's economy and revenue picture a shot in the arm, but there are many uncertainties about the conditions attached to the receipt and expenditure of the funds.
- It is unclear how these funds may be used to supplant General Fund increases in programs like Medicaid and Public School Support.
- A case in point: The \$266 million in education support could possibly have to largely allocated to the State's Title 1 Schools. Pursuant to the intention of the legislation, however, as opposed to the text, we might be able to use the \$266 million – dollar for dollar – to supplant state funding in the SEG.
- Each executive agency has been tasked with studying the text of the bill to answer outstanding questions like 1) how will the funds flow, 2) what are the requirements with respect to timing, 3) what eligibility requirements must be met and 4) how will we satisfy reporting requirements.
  - Once the analysis is complete we will compile a comprehensive list of each program receiving federal funds and keep it continually updated so that we are constantly on top of the management of this money.
  - Agencies will make recommendations to the Executive, which we will share with the Legislature as soon as possible. These recommendations will include details on what is needed to effectively administer the funds and how the money will impact existing operations and staffing levels
- As the Governor stated yesterday, these uncertainties make it difficult to prepare a solid FY10 budget.

### **Budgeting**

- The suggestions have included holding off on developing the FY10 budget until the administration's regulations are clear, or putting together a preliminary plan for FY10 now and coming back to refine the budget once we have a better understanding of the stimulus.
- Either way we face difficult decisions on cuts. Although the need for cuts is somewhat relieved by the stimulus, budgeting these funds is somewhat clouded.
- Based on the previous estimate, the Executive was recommending net cuts to operating budgets of \$144 million and using \$118 million in operating reserves in FY10. The LFC recommended cutting budgets by \$146 million and using \$94 million in reserves. Both plans were intended to address a shortfall of approximately \$300 million and would have reduced operating reserves to about 8%.
- If you refer to the General Fund Financial Summary handout you will see that the forecast for FY10 is now \$282 million less than the December estimate.

*Secretary Rick Homans  
Taxation and Revenue Department*

*HAFC and SFC 2/13/09*

*Secretary Katherine Miller  
Department of Finance and Administration*

- The big question is how do we plan for the FY10 budget given the loss of recurring revenue, the influx of nonrecurring dollars, and the use of nonrecurring reserve funds.
- We need to reevaluate fiscal policy questions as to whether we should use nonrecurring federal money and reserves to minimize cuts to programs, or address the structural imbalance in our budget so we do not compound potential budget cuts in the out years.
- Turning to the General Fund Consensus Revenue Estimate handout, the forecast indicates that revenues are predicted to begin increasing in FY11.

**Severance Tax Bond Capacity**

*See next page*

	2009			2010			2011			2012			2013		
	DEC 08	FEB 09*		DEC 08	FEB 09		DEC 08	FEB 09		DEC 08	FEB 09		DEC 08	FEB 09	
<b>Senior STB Capacity</b>															
Long-term STB Bonds	197.0	197.0		197.0	170.0		197.0	170.0		197.0	170.0		197.0	170.0	
Short-term STB Notes (Sponge)	188.7	188.7		152.6	152.5		107.7	55.6		105.2	68.8		87.3	63.5	
<b>Total Senior STB Capacity</b>	<b>385.7</b>	<b>385.7</b>	<b>0.0</b>	<b>349.6</b>	<b>322.5</b>	<b>(27.1)</b>	<b>304.7</b>	<b>225.6</b>	<b>(79.0)</b>	<b>302.2</b>	<b>238.8</b>	<b>(63.4)</b>	<b>284.3</b>	<b>233.5</b>	<b>(50.8)</b>
<b>Supplemental STB Capacity</b>															
Supplemental Sponge	198.9	198.2		182.9	71.4		186.5	136.1		206.9	167.4		220.9	189.7	
<b>Total Supplemental STB Capacity</b>	<b>198.9</b>	<b>198.2</b>	<b>(0.7)</b>	<b>182.9</b>	<b>71.4</b>	<b>(111.5)</b>	<b>186.5</b>	<b>136.1</b>	<b>(50.5)</b>	<b>206.9</b>	<b>167.4</b>	<b>(39.5)</b>	<b>220.9</b>	<b>189.7</b>	<b>(31.2)</b>
<b>Total STB Capacity</b>	<b>584.6</b>	<b>583.9</b>		<b>532.4</b>	<b>393.9</b>		<b>491.2</b>	<b>361.7</b>		<b>509.1</b>	<b>406.1</b>		<b>505.2</b>	<b>423.1</b>	
Difference		<b>(0.7)</b>		Difference	<b>(138.5)</b>		Difference	<b>(129.5)</b>		Difference	<b>(102.9)</b>		Difference	<b>(82.1)</b>	
* Note that the FY09 long-term senior STB bond issuance amount did not change from the December amount due to sufficient statutory capacity.															
There is downside risk to the FY09 supplemental STB sponge capacity, as any larger-than-anticipated declines in bonding fund revenue impacts the supplemental bond program directly. BOF estimates that the downside risk could be between \$20 and \$40 million.															

**Mid-Session Review  
February 2009**

**U.S. AND NEW MEXICO ECONOMIC INDICATORS**

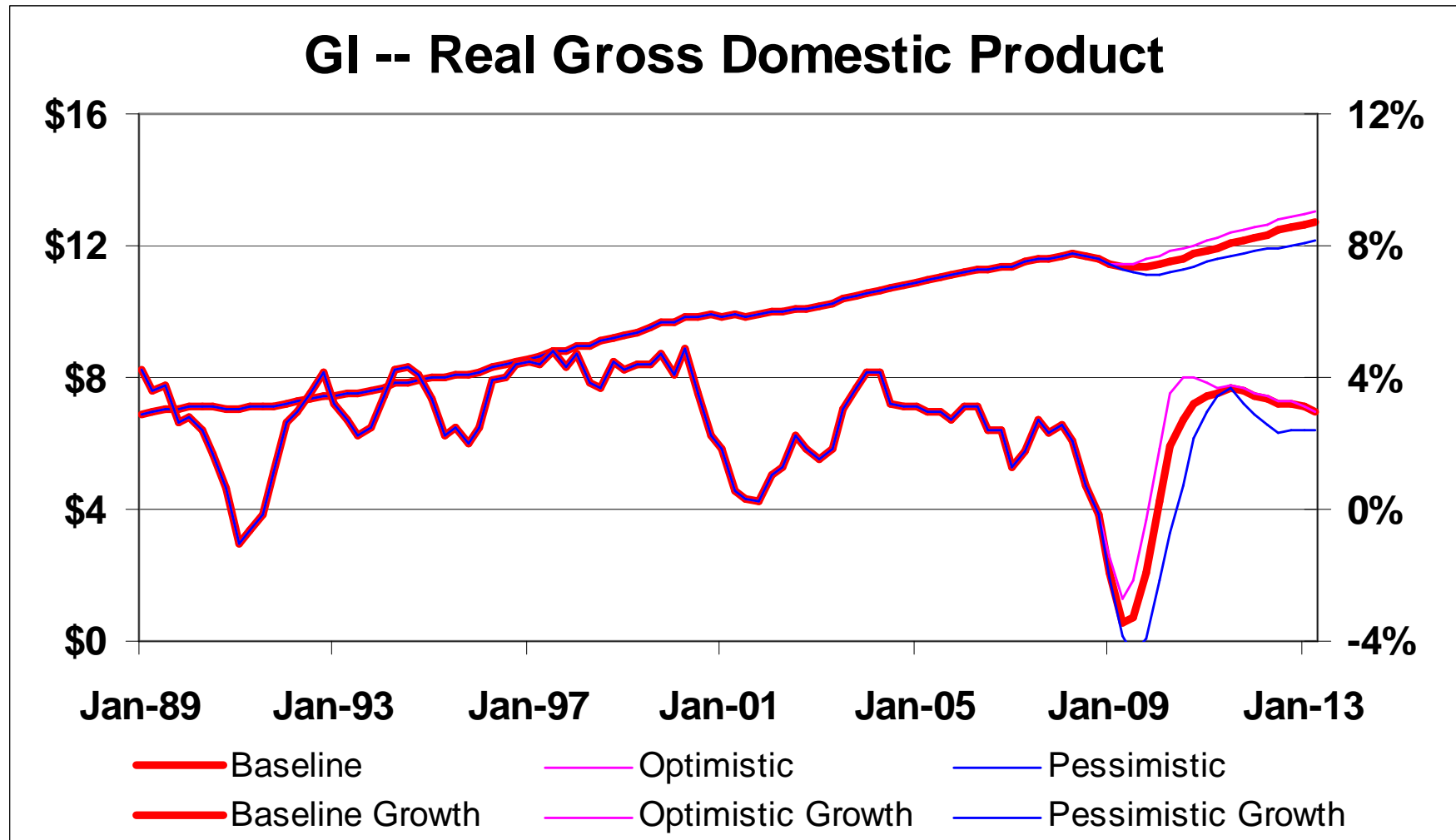
	FY2008		FY2009		FY2010		FY2011		FY2012	
	Dec 08 Est.	Feb 09 Est.	Dec 08 Est.	Feb 09 Est.	Dec 08 Est.	Feb 09 Est.	Dec 08 Est.	Feb 09 Est.	Dec 08 Est.	Feb 09 Est.
<b>NATIONAL ECONOMIC INDICATORS</b>										
US Real GDP Growth (level annual avg, % yoy)*	2.4	2.4	-0.4	-1.2	0.1	-0.8	2.6	3.2	3.4	3.5
US Inflation Rate (CPI, annual avg, % yoy)**	3.7	3.7	1.6	1.0	0.2	-0.7	3.1	2.3	2.6	2.2
Federal Funds Rate (%)	3.71	3.71	0.97	0.68	0.62	0.13	2.31	1.18	4.65	3.05
<b>NEW MEXICO LABOR MARKET AND INCOME DATA</b>										
NM Non-Agricultural Employment Growth (%)	1.0	1.0	-0.1	-0.6	0.6	-0.1	1.3	1.7	1.6	1.7
NM Personal Income Growth (%)***	6.0	6.0	5.4	5.3	1.9	0.8	3.2	2.4	4.7	4.6
NM Private Wages & Salaries Growth (%)	5.7	5.7	2.5	1.8	2.0	0.7	3.1	3.4	3.9	4.1
<b>NEW MEXICO CRUDE OIL AND NATURAL GAS OUTLOOK</b>										
NM Oil Price (\$/barrel)	\$92.61	\$92.61	\$69.00	\$62.00	\$59.00	\$47.00	\$68.00	\$53.00	\$77.00	\$58.00
NM Taxable Oil Sales (million barrels)	60.1	60.1	60.0	60.0	59.4	59.4	58.8	58.8	58.2	58.2
NM Gas Price (\$ per thousand cubic feet)	\$8.28	\$8.28	\$6.05	\$5.60	\$6.35	\$4.80	\$7.10	\$6.20	\$7.20	\$6.90
NM Taxable Gas Sales (billion cubic feet)	1,433	1,433	1,415	1,350	1,380	1,300	1,345	1,280	1,312	1,250

\* real GDP base is BEA chained 2000 dollars, billions, annual rate.

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

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

Sources: February 2009 economic indicators based on Feb. (10) Global Insight (GI, national), Jan. FOR-UNM (state, 12/31/08 GI), energy forecast on Jan. PIRA, NYMEX, Global Insight and DOE/EIA. December 2008 economic indicators in testimony based on November Global Insight (national), November FOR-UNM (state), energy forecast on November PIRA, NYMEX, Global Insight and DOE/EIA.



**TABLE 2: GENERAL FUND CONSENSUS REVENUE ESTIMATE**  
February 2009  
(dollars in millions) (1)

	FY 2008			FY 2009				FY 2010			
	Jan 08	Change from Previous	% Chng From	Dec 08	Feb 09	Chg from Previous	% Chng From	Dec 08	Feb 09	Chg from Previous	% Chng From
	Final	Estimate	FY07	Estimate	Estimate	Estimate	FY08	Estimate	Estimate	Estimate	FY09
Gross Receipts	1,858.4	12.8	1.0%	1,900.00	1,900.0	0.0	2.2%	1,914.0	1,910.0	-4.0	0.5%
Compensating	64.5	0.7	5.1%	70.00	73.0	3.0	13.2%	66.8	70.0	3.2	-4.1%
<b>Total General Sales Taxes</b>	<b>1,922.9</b>	<b>13.6</b>	<b>1.1%</b>	<b>1,970.00</b>	<b>1,973.0</b>	<b>3.0</b>	<b>2.6%</b>	<b>1,980.8</b>	<b>1,980.0</b>	<b>-0.8</b>	<b>0.4%</b>
Bed surtax	0.0	0.0									
Tobacco	48.2	0.1	3.1%	47.80	47.0	-0.8	-2.6%	47.9	44.7	-3.3	-4.9%
Alcohol	25.1	0.0	-6.1%	25.71	25.7	0.0	2.4%	26.3	26.3	0.0	2.4%
Insurance	109.8	2.1	1.6%	121.50	122.1	0.6	11.2%	135.0	139.5	4.5	14.2%
Fire Protection Fund	21.1	0.0	5.9%	19.15	19.2	0.0	-9.3%	18.0	18.0	0.0	-6.0%
Motor Vehicle Excise	127.6	0.0	-2.8%	115.00	98.7	-16.3	-22.7%	120.0	100.7	-19.3	-2.0%
Gaming tax	56.1	0.0	-20.8%	80.44	83.2	2.8	48.2%	75.0	79.9	4.9	-3.9%
Leased Vehicle Surcharge	3.5	1.0	41.6%	5.50	6.2	0.7	-27.1%	5.9	6.6	0.7	5.9%
Other (2)	3.8	0.9	24.2%	2.47	3.17	0.70	-16.2%	2.5	3.18	0.7	0.3%
<b>Total Selective Sales Taxes</b>	<b>400.4</b>	<b>4.1</b>	<b>-3.1%</b>	<b>417.57</b>	<b>405.2</b>	<b>-12.4</b>	<b>1.2%</b>	<b>430.6</b>	<b>418.9</b>	<b>-11.8</b>	<b>3.4%</b>
<b>General and Selective Sales Taxes</b>	<b>2,323.3</b>	<b>17.7</b>	<b>0.4%</b>	<b>2,387.57</b>	<b>2,378.2</b>	<b>-9.4</b>	<b>2.4%</b>	<b>2,411.4</b>	<b>2,398.9</b>	<b>-12.5</b>	<b>0.9%</b>
Personal Income	1,213.5	15.1	2.8%	1,220.00	1,213.52	-6.5	0.0%	1,250.0	1,230.0	-20.0	1.4%
Corporate & Franchise Income	354.6	-49.0	-22.9%	338.00	293.0	-45.0	-17.4%	320.0	275.0	-45.0	-6.1%
Estate	0.0	0.0	-49.6%	0.00	0.0	0.0		0.0	0.0	0.0	
<b>Total Income Taxes</b>	<b>1,568.1</b>	<b>-33.8</b>	<b>-4.4%</b>	<b>1,558.00</b>	<b>1,506.5</b>	<b>-51.5</b>	<b>-3.9%</b>	<b>1,570.0</b>	<b>1,505.0</b>	<b>-65.0</b>	<b>-0.1%</b>
Oil & Gas School Tax	557.7	0.3	32.7%	393.96	349.5	-44.5	-37.3%	382.5	280.61	-101.9	-19.7%
Oil Conservation Tax	27.1	0.0	35.8%	18.17	16.1	-2.1	-40.6%	17.5	12.88	-4.6	-19.9%
Resources Excise	10.6	-1.1	-1.6%	13.60	11.7	-1.9	10.6%	14.8	8.44	-6.4	-28.0%
Natural Gas Processors	30.6	0.0	-14.1%	32.30	33.7	1.4	10.0%	32.4	32.66	0.3	-3.0%
<b>Total Mineral Production Taxes</b>	<b>625.9</b>	<b>-0.7</b>	<b>28.6%</b>	<b>458.03</b>	<b>411.0</b>	<b>-47.1</b>	<b>-34.3%</b>	<b>447.2</b>	<b>334.6</b>	<b>-112.6</b>	<b>-18.6%</b>
<b>Total License Fees</b>	<b>50.7</b>	<b>0.0</b>	<b>3.5%</b>	<b>50.40</b>	<b>50.4</b>	<b>0.0</b>	<b>-0.5%</b>	<b>51.4</b>	<b>51.39</b>	<b>0.0</b>	<b>2.0%</b>
Land Grant Permanent Fund	390.5	0.0	7.1%	433.20	433.2	0.0	10.9%	441.7	436.2	-5.5	0.7%
Earnings on State Balances	93.7	37.8	41.0%	22.00	60.0	38.0	-36.0%	20.0	53.0	33.0	-11.7%
Severance Tax Permanent Fund	177.2	0.0	3.6%	191.30	191.3	0.0	8.0%	189.5	186.9	-2.6	-2.3%
<b>Total Investment Income</b>	<b>661.4</b>	<b>37.8</b>	<b>9.8%</b>	<b>646.50</b>	<b>684.5</b>	<b>38.0</b>	<b>3.5%</b>	<b>651.2</b>	<b>676.1</b>	<b>24.9</b>	<b>-1.2%</b>
Federal Mineral Leasing	564.2	0.0	12.6%	411.50	506.0	94.5	-10.3%	409.4	301.5	-108.0	-40.4%
State Land Office	46.1	0.0	-8.6%	37.35	34.7	-2.6	-24.6%	36.7	30.8	-5.9	-11.3%
<b>Total Rents, Royalties and Bonuses</b>	<b>610.3</b>	<b>0.0</b>	<b>10.6%</b>	<b>448.85</b>	<b>540.7</b>	<b>91.9</b>	<b>-11.4%</b>	<b>446.1</b>	<b>332.3</b>	<b>-113.9</b>	<b>-38.6%</b>
<b>Total Miscellaneous Receipts</b>	<b>50.3</b>	<b>0.2</b>	<b>35.8%</b>	<b>42.64</b>	<b>43.17</b>	<b>0.5</b>	<b>-14.1%</b>	<b>42.9</b>	<b>44.27</b>	<b>1.3</b>	<b>2.5%</b>
Tribal Revenue Sharing	66.6	0.0	18.5%	72.00	65.6	-6.4	-1.5%	73.1	68.4	-4.7	4.3%
Tobacco Settlement Revenue						0.0				0.0	
Reversions	59.0	-0.3	60.0%	39.30	39.3	0.0	-33.4%	40.0	40.0	0.0	1.8%
<b>Total Recurring Revenue</b>	<b>6,015.5</b>	<b>20.9</b>	<b>4.2%</b>	<b>5,703.3</b>	<b>5,719.4</b>	<b>16.1</b>	<b>-4.9%</b>	<b>5,733.3</b>	<b>5,450.9</b>	<b>-282.4</b>	<b>-4.7%</b>
Rebate (Sept. 2008)				-55.70	-55.7	0.0					
Governor's Savings Plan											
Other Adjustments & Non-Recurring	47.2	0.0									
<b>Grand Total Revenue</b>	<b>6,062.6</b>	<b>20.9</b>	<b>5.0%</b>	<b>5,647.6</b>	<b>5,663.7</b>	<b>16.1</b>	<b>-6.6%</b>	<b>5,733.3</b>	<b>5,450.9</b>	<b>-282.4</b>	<b>-3.8%</b>

OGAS % excl. interest

14.7%

15.3%

(1) Detail may not add to column totals due to independent rounding.

(2) Other selective sales taxes include racing, private car, boat excise, gasoline excise, and telecommunications relay surcharge.

**TABLE 2: GENERAL FUND CONSENSUS REVENUE ESTIMATE**  
**February 2009**  
**(dollars in millions) (1)**

	FY 2011				FY 2012				FY2013			
	Dec 08	Feb 09	Chg from Previous Estimate	% Chng From FY10	Dec 08	Feb 09	Chg from Previous Estimate	% Chng From FY11	Dec 08	Feb 09	Chg from Previous Estimate	% Chng From FY12
	Estimate	Estimate	Estimate		Estimate	Estimate	Estimate		Estimate	Estimate	Estimate	
Gross Receipts	1,973.0	1,970.0	-3.0	3.1%	2,050.0	2,055.0	5.0	4.3%	2,138.0	2,145.0	7.0	4.4%
Compensating	64.4	67.4	3.0	-3.7%	67.2	70.2	3.0	4.2%	70.1	73.1	3.0	4.1%
<b>Total General Sales Taxes</b>	<b>2,037.4</b>	<b>2,037.4</b>	<b>0.0</b>	<b>2.9%</b>	<b>2,117.2</b>	<b>2,125.2</b>	<b>8.0</b>	<b>4.3%</b>	<b>2,208.1</b>	<b>2,218.1</b>	<b>10.0</b>	<b>4.4%</b>
Bed surtax			0.0									
Tobacco	48.1	44.9	-3.2	0.5%	48.4	45.1	-3.3	0.6%	48.6	45.4	-3.2	0.6%
Alcohol	26.8	26.8	0.0	1.6%	27.3	27.3	0.0	1.9%	27.8	27.8	0.0	1.9%
Insurance	142.2	146.8	4.7	5.3%	149.7	154.7	5.0	5.3%	157.6	163.0	5.4	5.4%
Fire Protection Fund	16.4	16.4	0.0	-9.2%	14.7	14.7	0.0	-10.1%	13.1	13.1	0.0	-10.9%
Motor Vehicle Excise	123.6	103.7	-19.9	3.0%	127.3	106.8	-20.5	3.0%	131.1	110.0	-21.1	3.0%
Gaming tax	80.7	87.3	6.6	9.3%	81.3	89.4	8.1	2.3%	81.6	90.8	9.2	1.6%
Leased Vehicle Surcharge	5.8	6.5	0.7	-2.3%	5.8	6.5	0.7	1.2%	5.8	6.5	0.7	0.2%
Other (2)	2.5	3.19	0.7	0.3%	2.5	3.20	0.7	0.3%	2.5	3.21	0.7	0.3%
<b>Total Selective Sales Taxes</b>	<b>445.9</b>	<b>435.5</b>	<b>-10.4</b>	<b>4.0%</b>	<b>457.0</b>	<b>447.6</b>	<b>-9.4</b>	<b>2.8%</b>	<b>468.1</b>	<b>459.8</b>	<b>-8.3</b>	<b>2.7%</b>
<b>General and Selective Sales Taxes</b>	<b>2,483.3</b>	<b>2,472.9</b>	<b>-10.4</b>	<b>3.1%</b>	<b>2,574.2</b>	<b>2,572.8</b>	<b>-1.3</b>	<b>4.0%</b>	<b>2,676.2</b>	<b>2,677.9</b>	<b>1.8</b>	<b>4.1%</b>
Personal Income	1,290.0	1,260.0	-30.0	2.4%	1,350.0	1,320.0	-30.0	4.8%	1,420.0	1,380.0	-40.0	4.5%
Corporate & Franchise Income	330.0	290.0	-40.0	5.5%	340.0	310.0	-30.0	6.9%	350.0	340.0	-10.0	9.7%
Estate	0.0	0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0	
<b>Total Income Taxes</b>	<b>1,620.0</b>	<b>1,550.0</b>	<b>-70.0</b>	<b>3.0%</b>	<b>1,690.0</b>	<b>1,630.0</b>	<b>-60.0</b>	<b>5.2%</b>	<b>1,770.0</b>	<b>1,720.0</b>	<b>-50.0</b>	<b>5.5%</b>
Oil & Gas School Tax	421.8	344.50	-77.3	22.8%	432.0	374.02	-58.0	8.6%	430.2	381.99	-48.2	2.1%
Oil Conservation Tax	19.3	15.71	-3.6	22.0%	19.9	17.10	-2.8	8.8%	19.9	17.48	-2.4	
Resources Excise	16.1	8.44	-7.7	0.0%	17.3	8.44	-8.9	0.0%	18.6	8.44	-10.2	2.2%
Natural Gas Processors	27.4	23.91	-3.5	-26.8%	28.9	24.71	-4.2	3.3%	28.4	26.12	-2.3	5.7%
<b>Total Mineral Production Taxes</b>	<b>484.6</b>	<b>392.6</b>	<b>-92.0</b>	<b>17.3%</b>	<b>498.1</b>	<b>424.3</b>	<b>-73.9</b>	<b>8.1%</b>	<b>497.1</b>	<b>434.0</b>	<b>-63.0</b>	<b>2.3%</b>
<b>Total License Fees</b>	<b>52.8</b>	<b>52.8</b>	<b>0.0</b>	<b>2.7%</b>	<b>54.8</b>	<b>54.8</b>	<b>0.0</b>	<b>3.8%</b>	<b>57.7</b>	<b>57.7</b>	<b>0.0</b>	<b>5.3%</b>
Land Grant Permanent Fund	445.2	434.0	-11.2	-0.5%	448.5	431.2	-17.3	-0.6%	423.0	400.5	-22.5	-7.1%
Earnings on State Balances	30.0	67.0	37.0	26.4%	60.0	71.0	11.0	6.0%	65.6	75.0	9.4	5.6%
Severance Tax Permanent Fund	184.7	179.4	-5.3	-4.0%	179.7	171.6	-8.1	-4.3%	171.5	160.4	-11.1	-6.5%
<b>Total Investment Income</b>	<b>659.9</b>	<b>680.4</b>	<b>20.5</b>	<b>0.6%</b>	<b>688.2</b>	<b>673.8</b>	<b>-14.4</b>	<b>-1.0%</b>	<b>660.1</b>	<b>635.9</b>	<b>-24.2</b>	<b>-5.6%</b>
Federal Mineral Leasing	451.0	374.3	-76.7	24.2%	462.6	416.1	-46.5	11.2%	462.1	428.0	-34.1	2.9%
State Land Office	39.0	34.3	-4.6	11.5%	39.8	36.2	-3.7	5.4%	39.7	36.7	-3.0	1.4%
<b>Total Rents, Royalties and Bonuses</b>	<b>489.9</b>	<b>408.7</b>	<b>-81.3</b>	<b>23.0%</b>	<b>502.5</b>	<b>452.3</b>	<b>-50.2</b>	<b>10.7%</b>	<b>501.8</b>	<b>464.7</b>	<b>-37.1</b>	<b>2.7%</b>
<b>Total Miscellaneous Receipts</b>	<b>43.2</b>	<b>45.32</b>	<b>2.1</b>	<b>2.4%</b>	<b>43.5</b>	<b>46.42</b>	<b>2.9</b>	<b>2.4%</b>	<b>43.8</b>	<b>47.58</b>	<b>3.7</b>	<b>2.5%</b>
Tribal Revenue Sharing	79.0	71.9	-7.2	5.0%	83.0	75.5	-7.5	5.0%	87.2	79.3	-7.9	5.0%
Tobacco Settlement Revenue			0.0				0.0				0.0	
Reversions	41.2	41.2	0.0	3.0%	42.4	42.4	0.0	3.0%	43.7	43.7	0.0	3.0%
			0.0									
<b>Total Recurring Revenue</b>	<b>5,954.0</b>	<b>5,715.6</b>	<b>-238.3</b>	<b>4.9%</b>	<b>6,176.7</b>	<b>5,972.3</b>	<b>-204.4</b>	<b>4.5%</b>	<b>6,337.6</b>	<b>6,160.8</b>	<b>-176.8</b>	<b>3.2%</b>
Rebate (Sept. 2008)												
Governor's Savings Plan												
Other Adjustments & Non-Recurring												
<b>Grand Total Revenue</b>	<b>5,954.0</b>	<b>5,715.6</b>	<b>-238.3</b>	<b>4.9%</b>	<b>6,176.7</b>	<b>5,972.3</b>	<b>-204.4</b>	<b>4.5%</b>	<b>6,337.6</b>	<b>6,160.8</b>	<b>-176.8</b>	<b>3.2%</b>
OGAS % excl. interest	16.1%	13.9%			15.9%	14.5%			15.5%	14.5%		

**General Fund Financial Summary**  
**February 2009 Consensus Estimate with FY09/FY10 Executive Spending**  
**Recommendations and Legislative Savings Plan (HB9, HB10, SB79 and SB80)**  
**(Dollars in Millions)**

	Final FY08	Estimated FY09	Estimated FY10
<b>APPROPRIATION ACCOUNT</b>			
<b>REVENUE</b>			
Recurring Revenue, February 2009 Consensus Estimates	6,015.5	5,719.4	5,450.9
Nonrecurring Revenue, February 2009 Consensus Estimates	47.2	(55.7)	
Recurring Revenue, 2009 Session		6.0	34.3
Nonrecurring Revenue, 2009 Session		227.5	1.3
<b>TOTAL REVENUE</b>	<b>6,062.6</b>	<b>5,897.1</b>	<b>5,486.5</b>
<b>APPROPRIATIONS</b>			
Recurring Appropriations	5,675.0	6,026.8	5,884.3
Nonrecurring Appropriations	295.1	75.0	
Nonrecurring Appropriations, 2009 Session		50.3	
Appropriation Reductions, 2009 Session	-	(283.5)	-
<b>TOTAL APPROPRIATIONS</b>	<b>5,970.0</b>	<b>5,868.6</b>	<b>5,884.3</b>
Transfer to/from General Fund Operating Reserve	92.6	28.5	(397.8)
<b>GENERAL FUND OPERATING RESERVE</b>			
Beginning Balance	156.1	247.2	274.3
Appropriations	(1.5)	(1.5)	(2.0)
Transfers In Appropriation Account	92.6	28.5	-
Transfers Out Appropriation Account	-	-	(397.8)
<b>Ending Balance</b>	<b>247.2</b>	<b>274.3</b>	<b>(125.5)</b>
Ending Balances as a Percentage of Prior Year Recurring Appropriations	4.8%	4.8%	-2.1%
<b>STATE SUPPORT RESERVE</b>			
Beginning Balance	1.0	1.0	1.0
<b>Ending Balance</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>
<b>APPROPRIATION CONTINGENCY FUND</b>			
<b>Beginning Balance, Excluding Education Reform</b>	47.7	27.5	(1.5)
Expenditures	(26.9)	(29.0)	(16.0)
Revenue, Transfers and Reversions	6.7	-	-
<b>Ending Balance, Excluding Education Reform</b>	<b>27.5</b>	<b>(1.5)</b>	<b>(17.5)</b>
<b>Education Reform, Beginning Balance</b>	74.9	69.1	29.4
Transfers Out	(5.9)	(39.7)	-
<b>Ending Balance, Education Reform</b>	<b>69.1</b>	<b>29.4</b>	<b>29.4</b>
<b>Ending Balance</b>	<b>96.6</b>	<b>27.9</b>	<b>11.9</b>
<b>TAX STABILIZATION RESERVE</b>			
Beginning Balance	254.4	254.4	198.7
Transfers In	-	(55.7)	-
<b>Ending Balance</b>	<b>254.4</b>	<b>198.7</b>	<b>198.7</b>
Ending Balances as a Percentage of Prior Year Recurring Appropriations	5.0%	3.5%	3.3%
<b>TOBACCO SETTLEMENT PERMANENT FUND</b>			
Beginning Balance	116.7	135.9	97.8
Transfers In, December 2008 Consensus Estimate	44.9	44.9	44.9
Transfers Out	(22.4)	(44.9)	(44.9)
Gains or (Losses)	(3.3)	(38.0)	2.9
<b>Ending Balance</b>	<b>135.9</b>	<b>97.8</b>	<b>100.8</b>
<b>TOTAL BALANCES</b>	<b>735.1</b>	<b>599.7</b>	<b>186.8</b>
Reserves as a Percentage of Current-year Recurring Appropriations	13.0%	10.0%	3.2%
New Money -- recurring			(575.9)