

# Consensus General Fund Revenue Outlook

Presentation to:  
Senate Finance Committee  
February 17<sup>th</sup>, 2021

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Office of the Governor

**MICHELLE LUJAN GRISHAM**

# 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

# Consensus Revenue Estimating Group

## Participating Agencies

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

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

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

**Lucinda Sydow, Chief Economist**  
**Robert McGrail, Senior Economist**  
**Efrain Ibarra, Senior Economist**  
**Mallika Pung, Senior Economist**

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

**Laura Bianchini, Chief Economist**

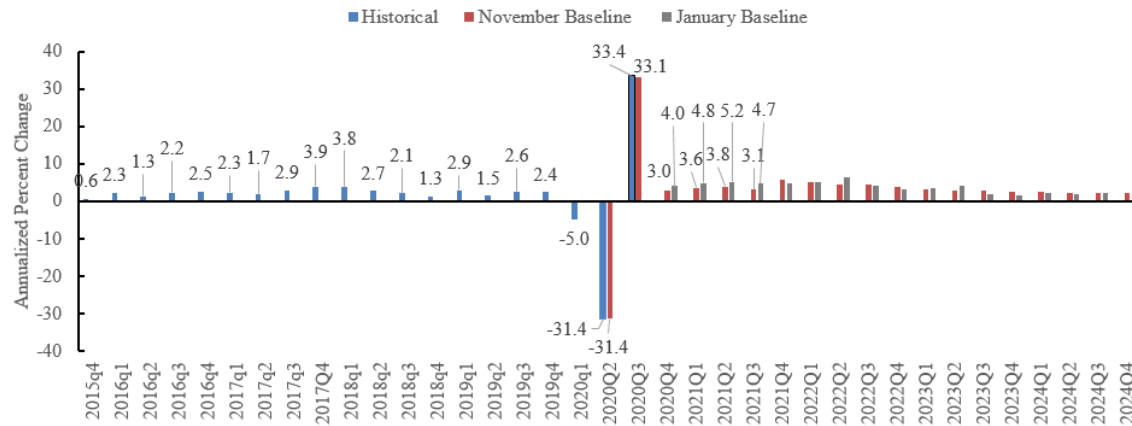
### **Legislative Finance Committee**

**Dawn Iglesias, Chief Economist**  
**Ismael Torres, Economist**

# US Economic Outlook

Annualized Percent Change in US Real GDP: 2015 Q1 to 2020 Q4, Forecast 2021Q1-2024Q4

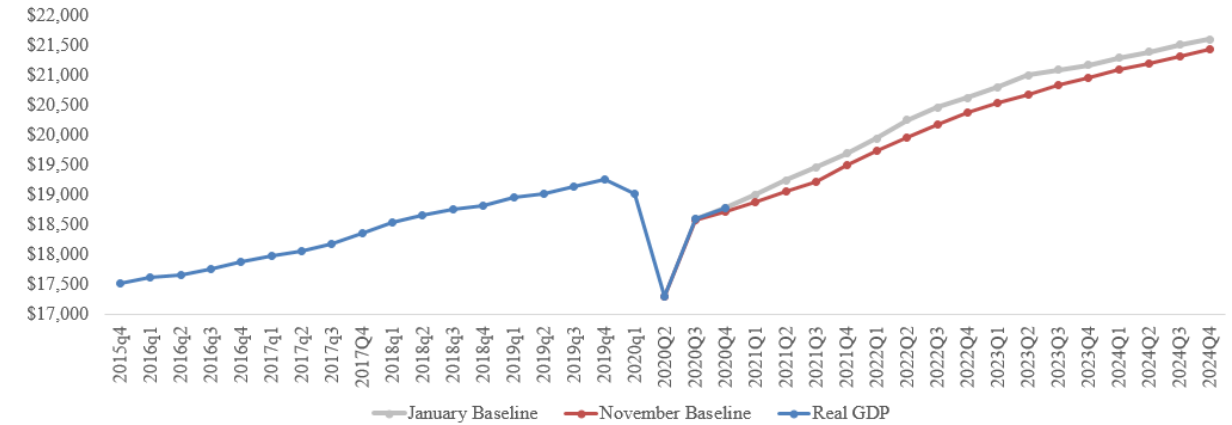
(Quarter-over-Previous-Quarter)



Source: bea.gov seasonally adjusted at annual rates, Moody's November 2020 Baseline Scenario vs. January 2021 Baseline Scenario

US Real Gross Domestic Product: 2015 Q4 to 2020 Q4, Forecast 2021Q1-2024Q4

(billions of chained 2012 dollars)



Source: GDP in billions of chained 2012 dollars, retrieved from bea.gov. Moody's November 2020 Baseline Scenario vs. January 2021 Baseline Scenario

- US real gross domestic product (RGDP) increased at an annual rate of 4% in 2020Q4.
  - Monetary and Fiscal policy have bolstered the national economy and mitigated some of the negative effects of the COVID-19 crisis.
    - Monetary and fiscal policies are the tailwind to the recovery.
    - Moody's expects fiscal policies to intensify the economic recovery in spring and summer of 2021.
    - Risks to the upside (Mark Zandi, Moody's Analytics).
  - COVID-19 pandemic continues to be a headwind.
  - COVID-19 variants add risk to recovery (Mark Zandi, Moody's Analytics).

# US & NM Economic Indicators

- National Forecasters Baseline Assumptions

- Moody's Analytics assumes \$1.9 trillion in additional federal fiscal stimulus in their January baseline forecast.

- Stimulus is broken into two parts:

- \$750 billion in 2021Q1

- \$1.15 trillion towards the end of 2021 as part of President Biden's "Build Back Better" economic agenda.

- Unemployment insurance, stimulus checks to individuals, aid to small businesses, and aid to state and local governments.

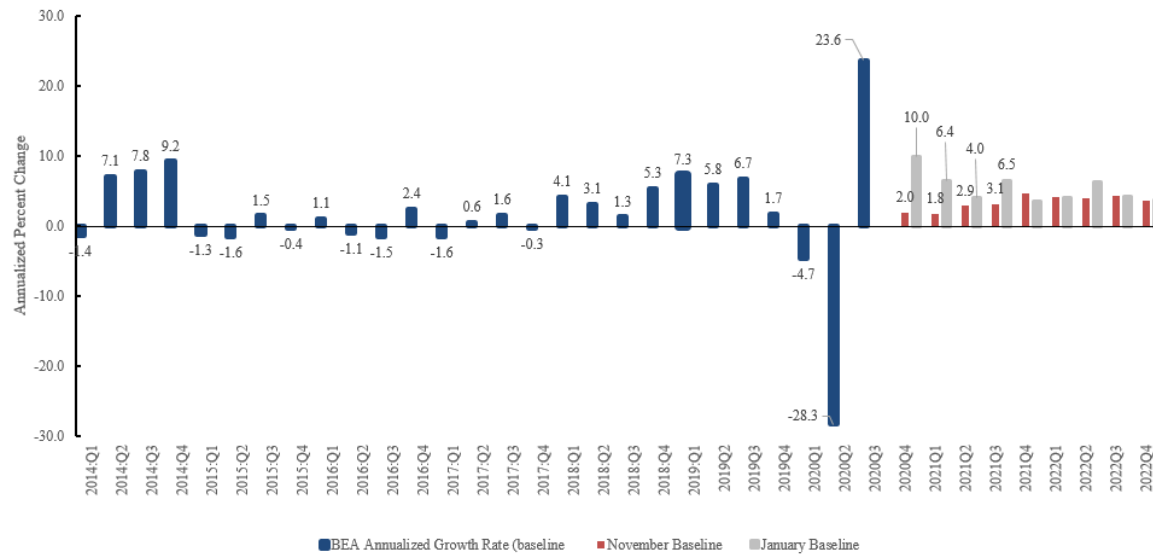
- IHS assumes no additional federal fiscal stimulus in their current baseline forecast.

- CREG incorporated combined assumptions in the February 2021 baseline forecast.

- Robustness incorporated in outlook by using both national forecasters.

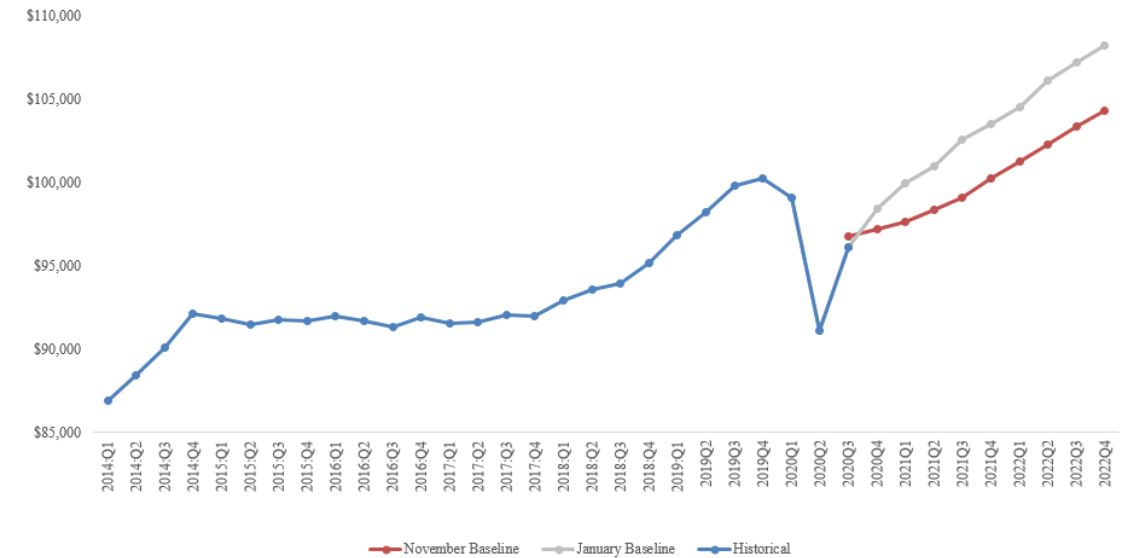
# NM Economic Outlook

Annualized Percent Change in NM Real GDP 2014Q1 to 2020Q3, Moody's Forecasts 2020Q4-2022Q4  
(Quarter to Quarter)



Source: bea.gov, Moody's November 2020 Baseline Scenario vs. May 2020 Baseline Scenario

New Mexico Real Gross Domestic Product 2014Q1-2020Q3, Moody's Forecasts 2020Q4-2022Q4

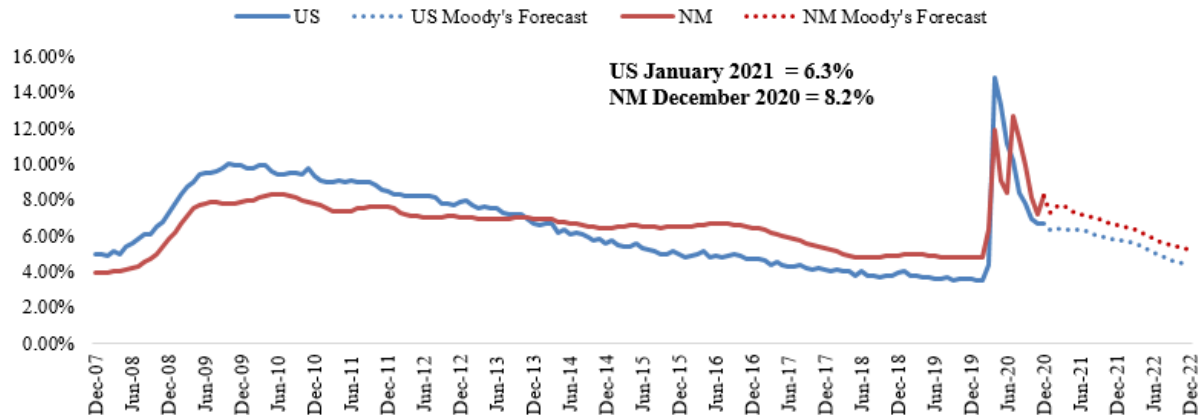


Source: bea.gov, Moody's January 2021 Baseline  
(in 2012 chained millions of dollars)

- Bureau of Economic Analysis data shows a 2020Q2 RGDP contraction at an annualized rate of 28.3 % and an increased by 23.6% in 2020Q3.
- 2020Q4 is estimated to grow at an annualized rate of 10%. This represents a growth in RGDP from \$96 billion to \$98.4 billion.
- Additional fiscal stimulus is quickening the pace of recovery at the national and state levels.

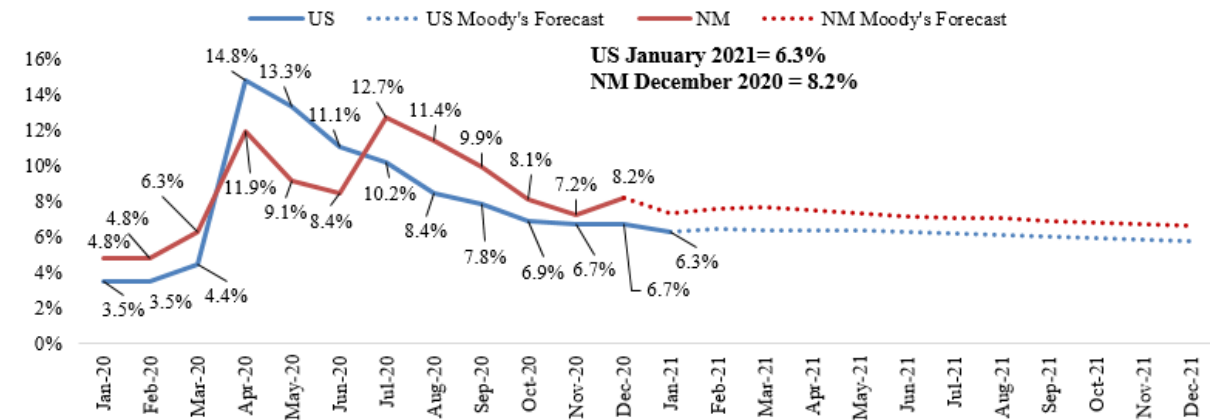
# NM Unemployment Rate

US and NM Unemployment Rate (percent) : January 2008 to January 2021



Source: bls.gov, seasonally adjusted

US and NM Unemployment Rate (percent) : January 2020 to January 2021

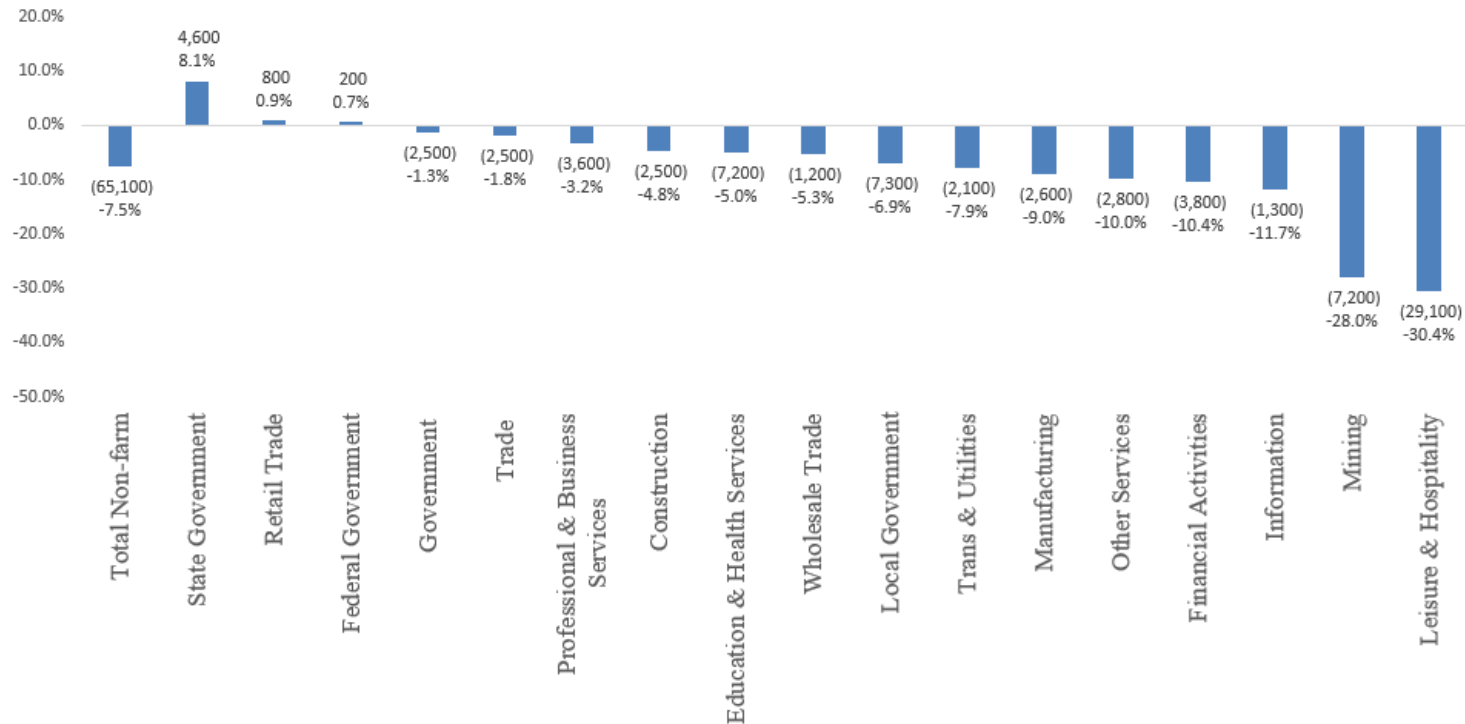


Source: bls.gov, seasonally adjusted

- The national unemployment rate peaked in April 2020 at 14.7% and has decreased down to 6.3% in January 2021.
- Moody's Analytics states, that nationwide, sectors leading recovery are professional/business services, healthcare, and finance. While sectors with in person services are lagging. Leisure and hospitality is expected to be the slowest to recover.
- New Mexico unemployment rate peaked in July 2020 at 12.7% and has decreased to 8.2% in December 2020.
  - The leisure and hospitality sector continues to be the most adversely impacted sector.

# NM Employment by Sector Y-o-Y

Percent Change and Level Change in Non-Farm Employment in New Mexico by Sector  
December 2019 to December 2020

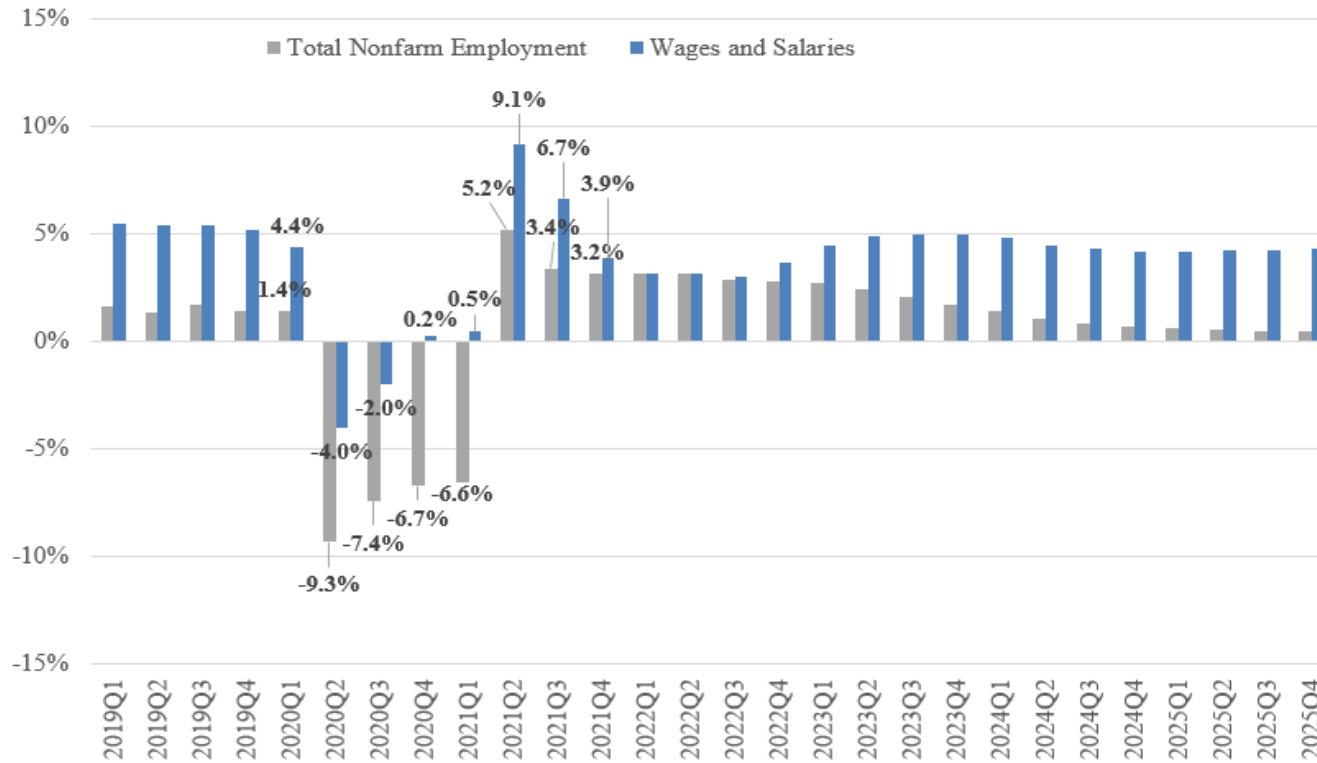


Source: bls.gov, CES not seasonally adjusted

- Year-over-year total non-farm employment declined 7.5% or 65,100 jobs in December.
- Since the pandemic began most sectors have been negatively impacted.
- In December, the most severe employment declines continued to impact the Leisure & Hospitality and the Mining sectors
  - Leisure & Hospitality down 29,100 jobs
  - Mining down 7,200 jobs
- Sectors which gained jobs were State Government, Federal Government, and Retail Trade.

# “K-Shaped” Recovery with Wages Recovering Faster than Jobs Props Up Higher Wage Earners

NM Nonfarm Employment vs. Wages and Salaries 2019Q1 to 2025Q4  
(Year-over year percent change)



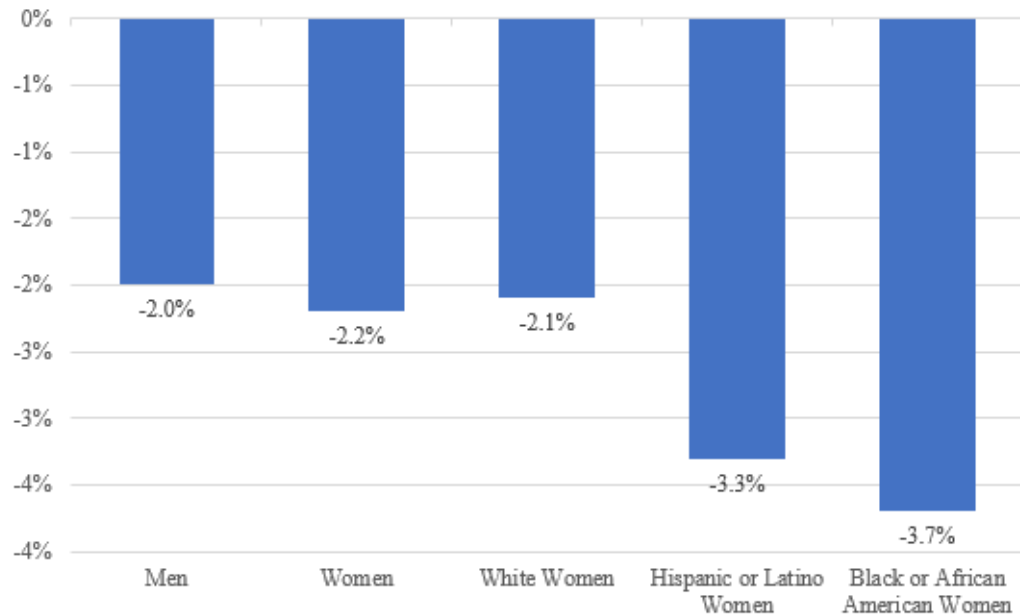
Source: Moody's Analytics January Baseline Scenario

- Wages and salaries contracted less sharply in 2020 than the number of jobs
- Wages and salaries are expected to outpace job recovery for the forecast period
- This suggests a widening income gap between high and low wage workers
- In New Mexico, Retail and Accommodations & Food Services are large lower-wage sectors that are not forecasted to return to pre-recession levels during the forecast outlook (BBER)

# Labor Impacts Uneven Across Races, Genders, and Educational Attainment Levels

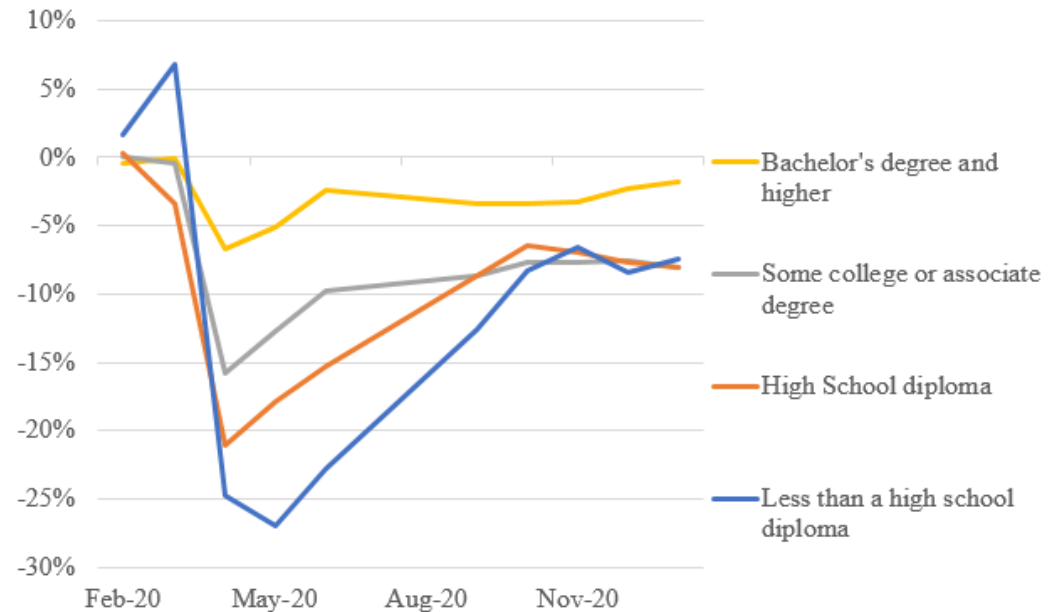
- National labor force participation has fallen for everyone, but participation by women of color has fallen the most
- Job losses since March 2020 were deepest for workers with less educational attainment and since October 2020, their recovery has stagnated

**National Labor Force Participation Rate Decline (January 2020 to January 2021)**



Source: Bureau of Labor Statistics

**National Percent Change in Employment from Jan. 2020 By educational attainment**

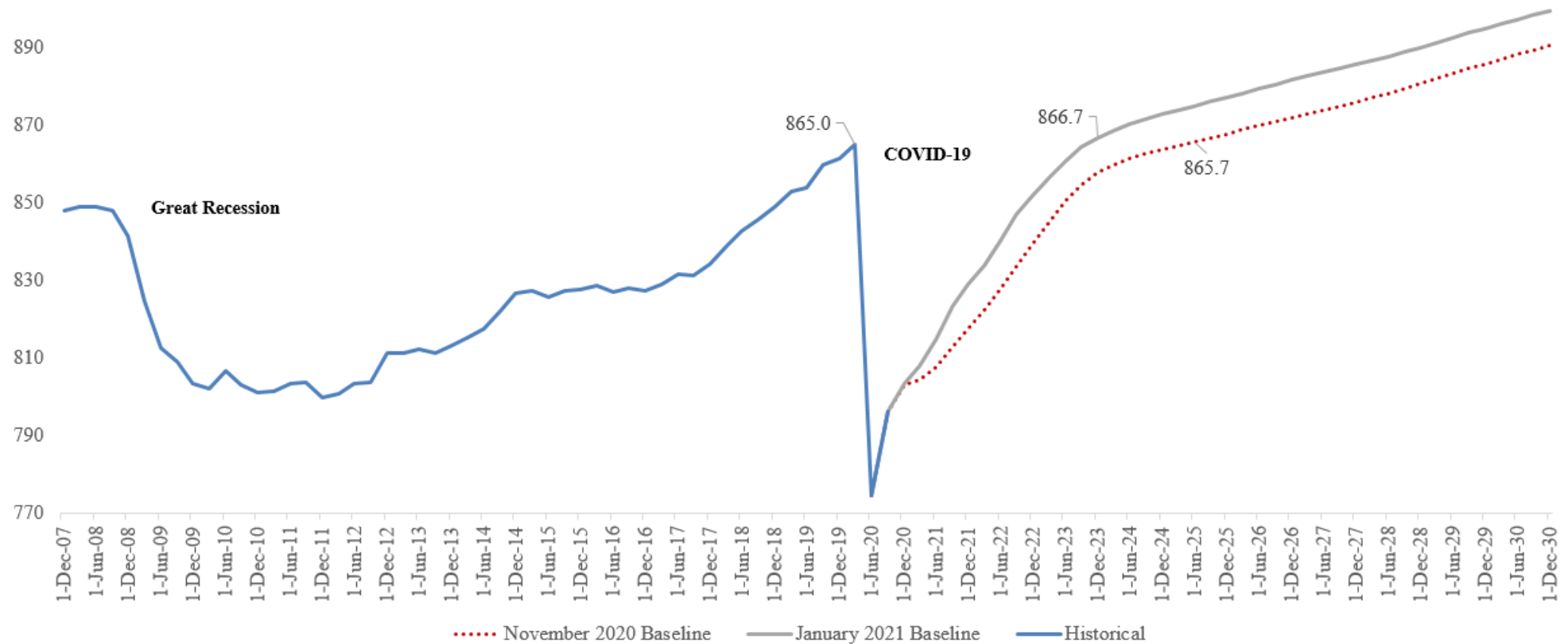


Source: U.S. Bureau of Labor Statistics

Note: Adults 25 and older, Seasonally adjusted

# NM Employment Recovery

New Mexico's Quarterly Total Non-Farm Employment by Forecast: 2007Q4 to 2030Q4



Source: bls.gov, Moody's Analytics

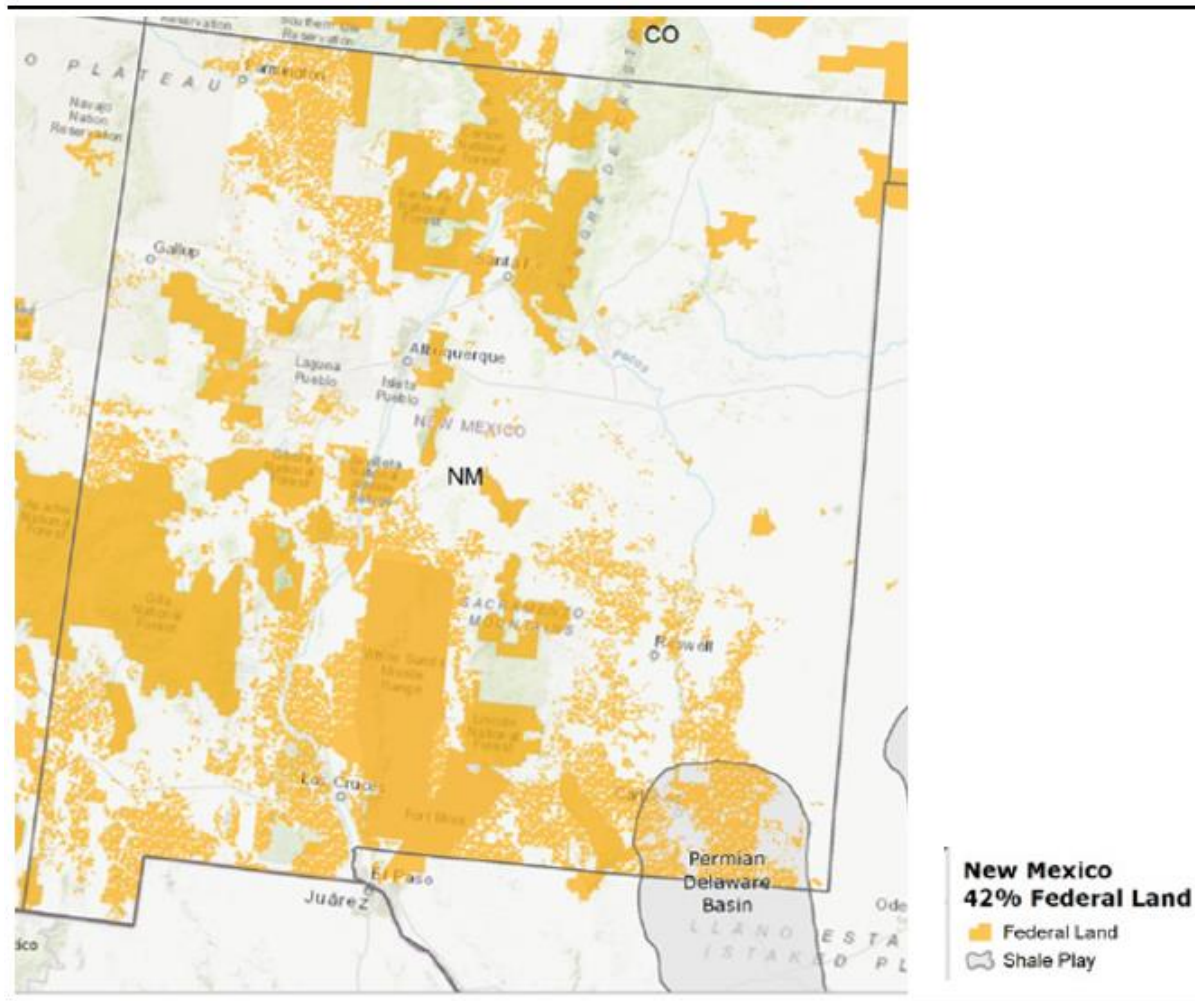
- Moody's Analytics January 2021 baseline forecast projects NM will recover to pre-COVID-19 employment levels in 2023Q4. An improvement over November 2020's baseline estimate of 2025Q2.
- State employment lags national employment recovery which is projected to recover to pre-COVID-19 employment levels in 2023Q1.

# Oil & Natural Gas

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# New Mexico Federal Lands

## New Mexico Federal Land



Source: Rystad Research and Analysis

- The Federal Government has issued two orders impacting oil and gas development in the second half of January.
- “Executive Order on Tackling the Climate Crisis at Home and Abroad” instructs the following and does not currently have an end date:
  - Pauses new federal land leases
  - Does not directly impact existing leases
  - Does not impact existing or pending permits

Secretarial Order 3395 issues a 60-day pause on administrative authority from Bureau of Land Management (BLM) field staff to approve:

- Leases
- Rights of way
- Surface disturbances
- Permits to drill

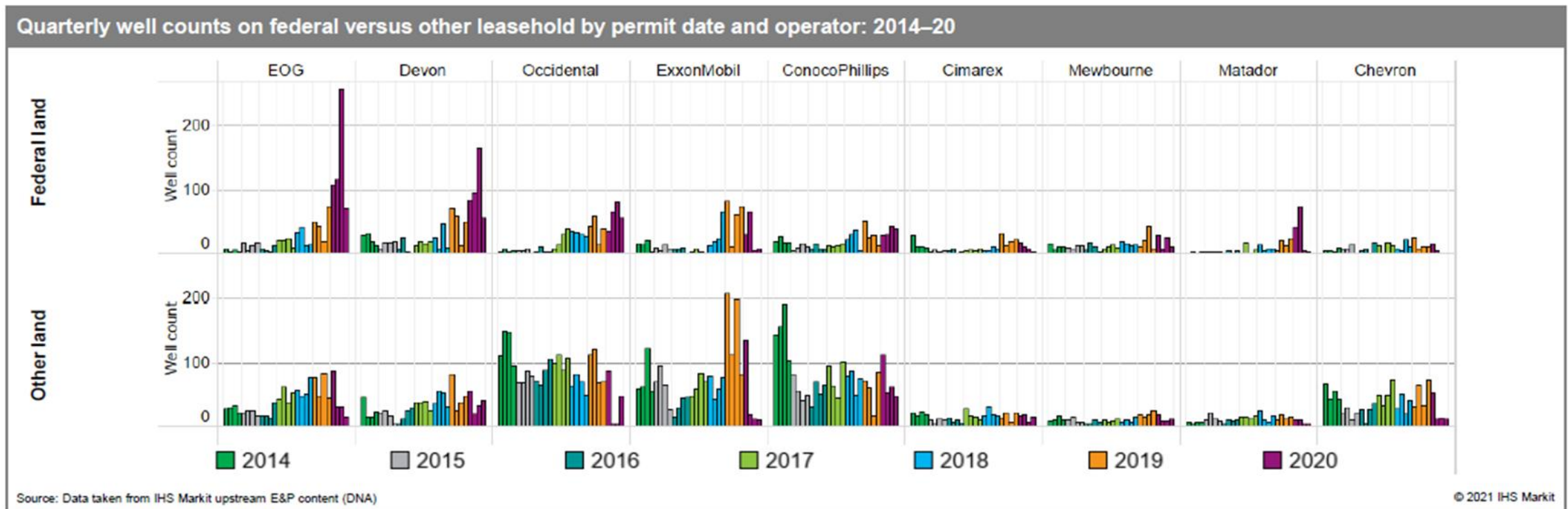
The expectation is that the current executive order, in and of itself should have minimal impact on New Mexico oil production in the short term (8-12 months) especially if some gray area items are clarified for operators.

# CREG Sources

- The Consensus Revenue Estimating Group relied on a number of sources to formulate an informed estimate due to the recent orders by the Biden administration.
- The group consulted and relied on analysis from:
  - Enverus
  - IHS Markit
  - Moody's Analytics
  - Rystad Energy
  - UNM's Bureau of Business and Economic Research
  - New Mexico Energy, Minerals and Natural Resources Department
  - Economic Development Department
  - Department of Workforce Solutions
  - State Land Office

# New Mexico Permits

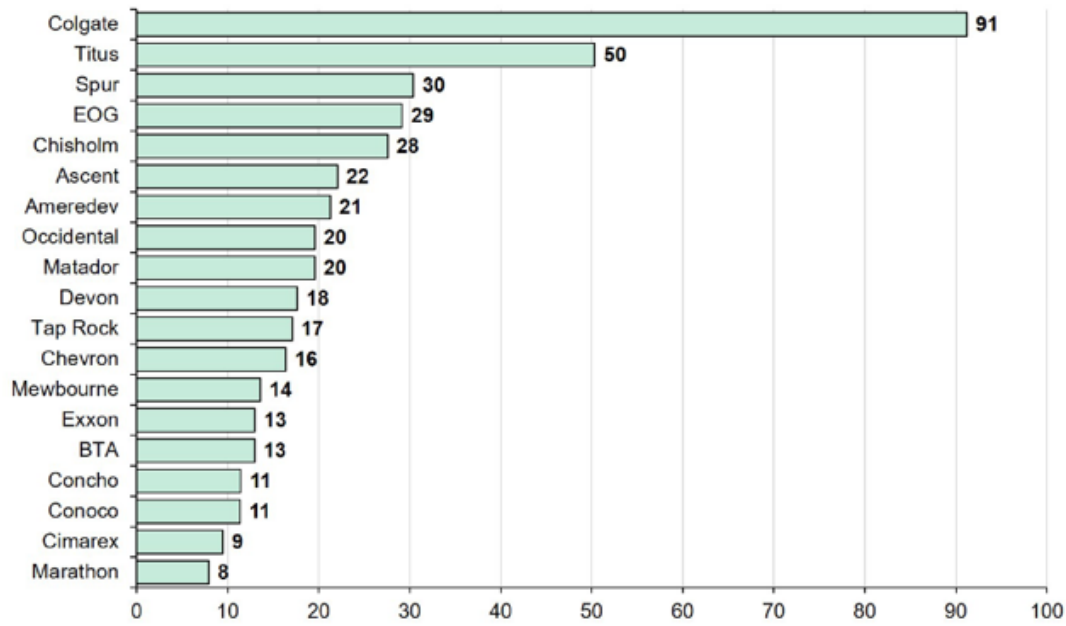
- Rystad Energy and IHS Markit note that production companies have been stocking up on permits to drill for several years in anticipation of changes to national policy towards the extractive industries on federal land.
  - The majority of the permits were processed in the third quarter of 2020.
  - The contribution of federal land to total permit activity in the Permian Basin increased by over 30% in 2020 compared to 2019.
- According to BLM, from 2016 to 2020 there are 632 leases issued on federal land covering an area greater than 266 thousand acres, and 97.5% of federal lands available for oil and gas operations are already leased (ABQ Journal).



# New Mexico Permits

Remaining permit inventory lifetime at average drilling pace of 2019-2020

Months of drilling at the average 2019-2020 pace

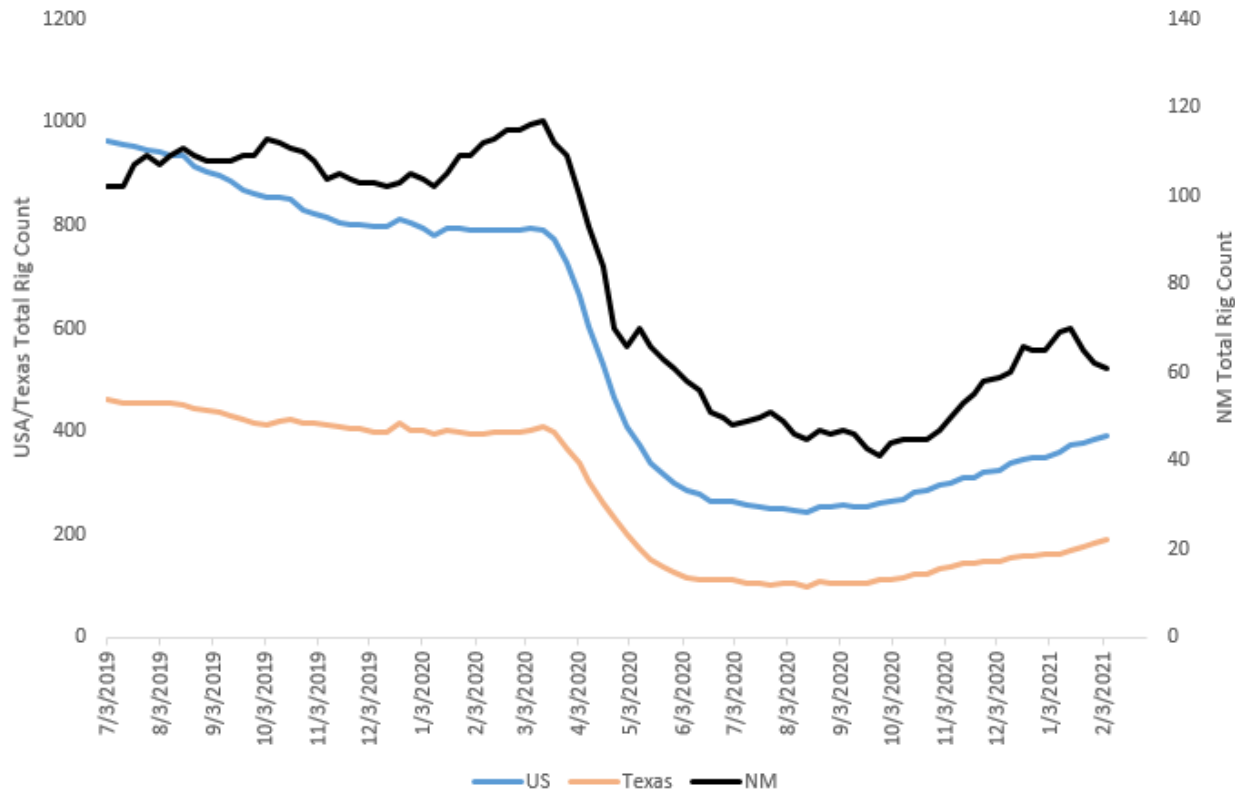


Source: Rystad Energy ShaleWellCube

- There are currently 6,089 approved permits to drill (APDs) on federal land in New Mexico. Each APD is approved for two years and producers can apply to extend for an additional two years (EMNRD).
- Rystad, IHS Markit and other analysts state companies can maintain activity levels at current pace in the short-term.
- However, there are some concerns.
  - While companies have stockpiled APDs for federal leases there is a lack of clarity on how unapproved right of ways are affected by the order.
  - Rights of way approvals are critical components to have in place prior to development and many companies
  - Federal lands in New Mexico are very interspersed with state and private lands. This makes development challenging due to different regulatory requirements across the different land types.
  - Clarification from the federal government is needed to address some of these concerns.

# New Mexico Rig Count

Total Rig Count for USA, Texas, and New Mexico: July 3, 2019 to Present



Source: Baker Hughes North America Rig Count

Note: US and Texas total rig count are on primary axis. New Mexico's total rig count is on the secondary axis.

- In 2020, NM rig counts peaked at 117 in March and declined to 41 rigs in September.
- NM rigs leveled off in the 40s through September and October 2020.
- NM rigs increased from a low in September 2020 of 41 rigs to 70 in January 2021.
- Fluctuations in rig counts are not out of the ordinary. Producers make decisions based price signals, long-term development programs, and contracts months ahead of time.
- Rig counts and other variables are continually monitored to assess short-term and long-term trends.

# New Mexico Oil Prices

**New Mexico's Monthly Oil Price July 2018 to November 2020**

**WTI Futures w/differential March 2021 to June 2021**



Sources: DFA Estimate, TRD GenTax System

Weighted WTI derived from EIA STEO, NYMEX, Phillips 66, and Moody's Forecasts

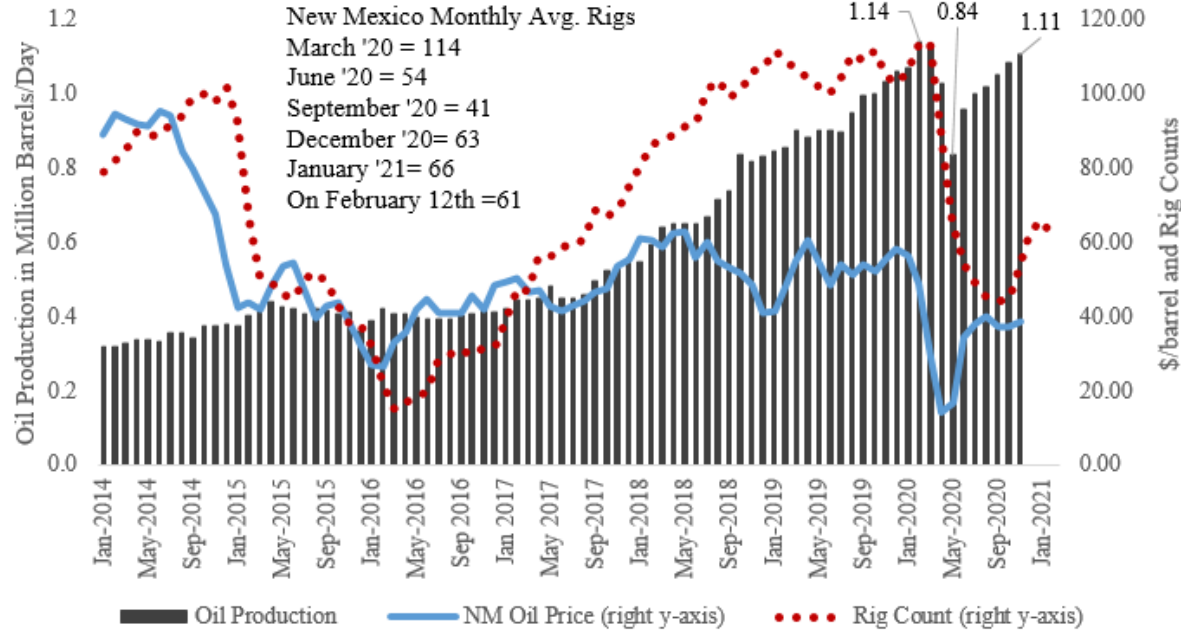
- Updated estimates for weighted WTI futures with New Mexico differentials illustrate oil prices closing the 2021 fiscal year at just over \$43/barrel.
- The most significant difference between the current projected range and the prior estimates are the near-term expectations for oil prices.
- There has been stronger than expected oil price recovery on the expectations of overall recovery.
  - This is being driven by expectations of overall oil demand recovery, COVID-19 updates, vaccine plans and updates.
  - January 2021 OPEC cuts decisions were meant to continue to promote price recovery (opec.org).
- Oil prices are inherently volatile. Oil prices are dependent on demand recovery, OPEC+ decisions, inventory builds/drawdowns, and other factors.
- The consensus NM oil price forecast for FY21 and FY22 are \$43.50/barrel and \$47/barrel, respectively.

Consensus forecast

	FY20	FY21	FY22	FY23	FY24	FY25
February Estimate	\$44.01	\$43.50	\$47.00	\$48.50	\$49.00	\$49.50
December Estimate	\$44.01	\$38.00	\$43.50	\$47.00	\$47.50	\$48.50
Oil Price (\$/barrel)						

# New Mexico Oil Production

**NM Oil Production (mbbls./day), NM Oil Price (\$ per barrel), & NM Rig Count (number)  
January 2014 to February 2021**



Source: Baker Hughes, TRD (Production and price through November 2020, Rigs through February 2020)

- NM production continued in the summer of 2020 as completions crew returned and completions came back online.
  - Producers are completing well inventory
  - Producers are completing best wells
  - Current prices and market signals are an indication of increased activity in the second half of 2021 (Rystad Energy)
- NM is the only state to reach pre-COVID-19 production levels in the country.
- However, the consensus group held oil volumes constant through the forecast period while further industry, production, and information in regards to the executive order becomes available.

## Consensus forecast

	FY20	FY21	FY22	FY23	FY24	FY25
February Estimate	368.1	370.0	370.0	370.0	370.0	370.0
December Estimate	368.1	340.0	330.0	340.0	355.0	370.0
Oil Volumes (million barrels)						

# Personal Income Taxes & Gross Receipts Taxes

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# PIT & GRT

➤ PIT and GRT – Remaining close to December 2020 Forecast and have been stable in recent months

➤ These two revenues remain consistently 57% of Recurring General Fund

➤ Upward revisions in FY21

➤ Second Federal Stimulus Bill

➤ Downward revisions in out years

➤ Wages & Salaries show slightly slower recovery

➤ Remain susceptible to outside shocks

<b>February 2021 Revisions (Change from Dec 2020 Estimate)</b>					
<b>(Millions of Dollars)</b>					
	<b><u>FY21</u></b>	<b><u>FY22</u></b>	<b><u>FY23</u></b>	<b><u>FY24</u></b>	<b><u>FY25</u></b>
Total GRT & Comp	\$ 56	\$ 8	\$ 15	\$ (26)	\$ (52)
Personal income tax	\$ 17	\$ (3)	\$ (10)	\$ (20)	\$ (19)

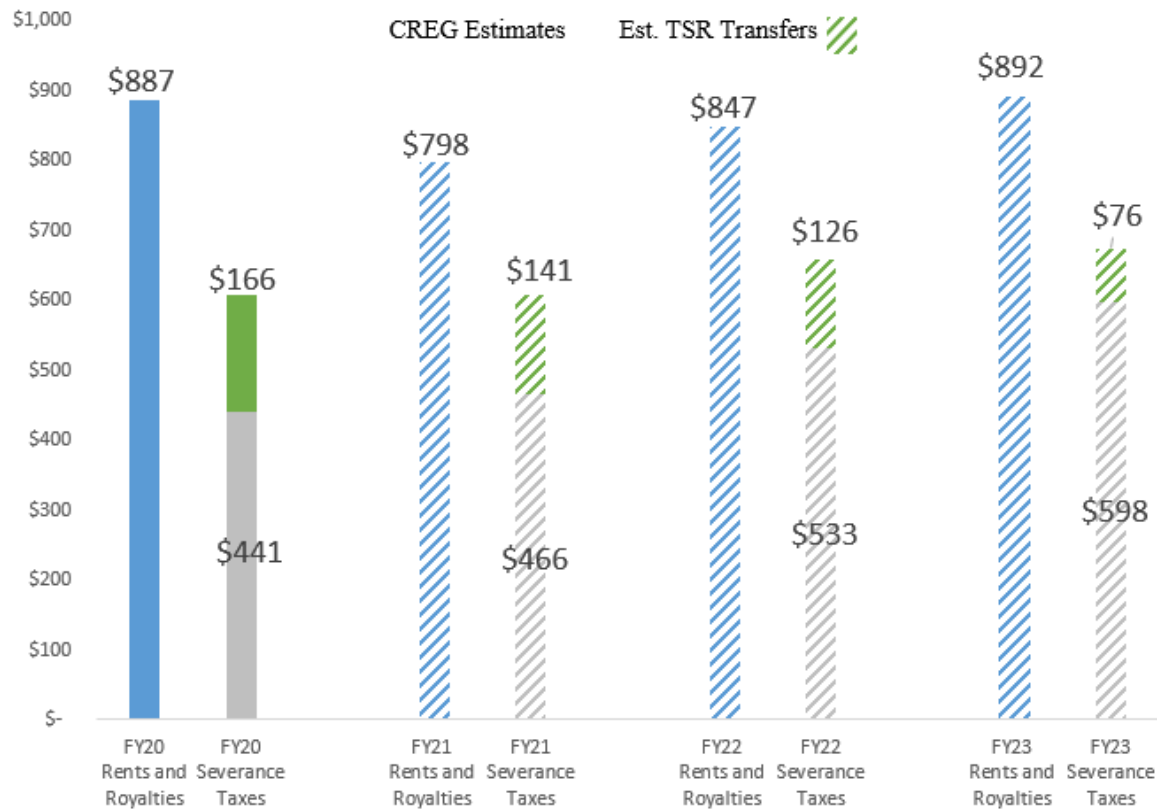
<b>February 2021 Consensus General Fund Recurring Revenue Outlook</b>					
<b>(Millions of Dollars)</b>					
	<b><u>FY21</u></b>	<b><u>FY22</u></b>	<b><u>FY23</u></b>	<b><u>FY24</u></b>	<b><u>FY25</u></b>
Total GRT & Comp	\$ 2,575	\$ 2,617	\$ 2,731	\$ 2,845	\$ 2,959
Personal income tax	\$ 1,587	\$ 1,667	\$ 1,760	\$ 1,828	\$ 1,895
Total GRT & PIT	\$ 4,162	\$ 4,284	\$ 4,491	\$ 4,674	\$ 4,854
Total Recurring Revenue	\$ 7,195	\$ 7,548	\$ 7,918	\$ 8,251	\$ 8,545
% of Recurring Revenue	58%	57%	57%	57%	57%

# Severance Taxes & Rents & Royalties

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# Severance Taxes & Federal & State Rents and Royalties

**Estimated Severance and Rents and Royalty Revenues for FY20, FY21, FY22, and FY23 (\$ millions)**



Source: DFA, CREG, Author's calculation

- The most significant change in the mid-session update comes from the severance and rents and royalty revenues. With stronger than expected oil price recovery in early 2021 and oil volume forecast held constant at a higher level than in December 2020.
- In FY21, estimated severance tax revenues are expected to increase from \$440 million to \$466 million, an increase of 5.9%
- In FY22, estimated severance tax revenues are expected to increase from \$466 million to \$533 million, an increase of 14.3%
- Rents and royalties are expected to decline by 10% in FY21. December estimate expected a 20% decline.
- Federal and state rents and royalties resume growth in FY22.
- National and state economic recovery expected in FY22 increasing economic activity and improvement in oil demand.

# General Fund Overview

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# General Fund Overview

## FY20

- FY2020 GF Recurring Revenue declined by 1.9 percent over FY2019
- FY2020 GF Reserves are \$2.5 billion or 35.4% of recurring appropriations

## FY21

- FY2021 GF Recurring Revenue is estimated to decline by 8.5 percent vs. FY2020
- FY2021 GF Reserves are estimated at \$2.7 billion or 37.9% of recurring appropriations\*

## FY22

- FY2022 GF Recurring Revenue is forecasted to grow by 4.9 percent vs. FY2021
- “New Money” for FY2022 is forecasted to be \$338.6 million

\* Pending 2021 legislative appropriations

# Consensus Revenue Summary

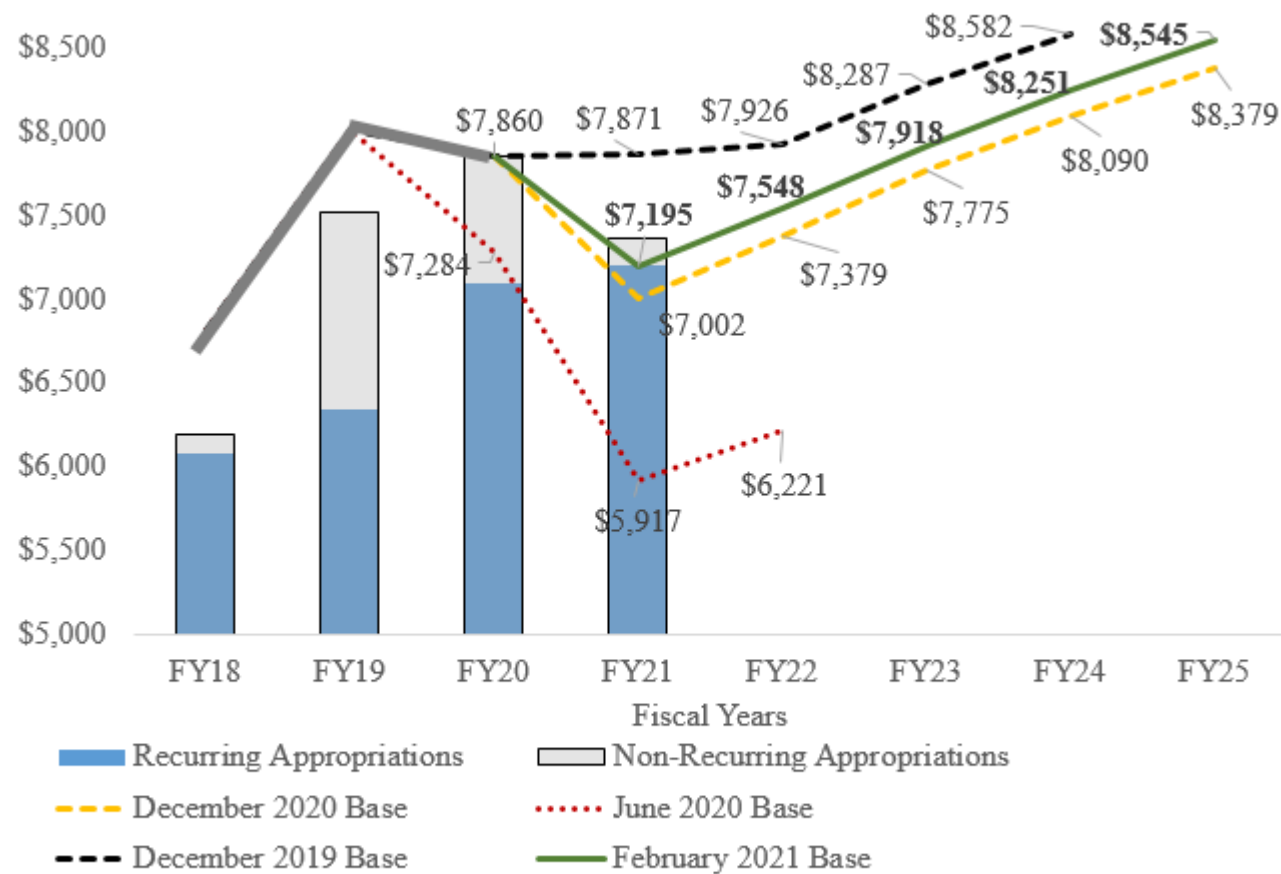
**Table 1**  
**February 2021 Consensus General Fund Forecast**  
(Millions of Dollars)

	FY20		FY21		FY22	
	\$ Millions	% Change	\$ Millions	% Change	\$ Millions	% Change
General Sales	\$ 3,006	9.8%	\$ 2,575	-14.3%	\$ 2,617	1.6%
Selective Sales	\$ 563	3.6%	\$ 528	-6.1%	\$ 570	7.8%
Income Taxes	\$ 1,755	-2.2%	\$ 1,639	-6.6%	\$ 1,710	4.3%
O&G Revenue	\$ 1,327	-22.1%	\$ 1,264	-4.7%	\$ 1,380	9.2%
Investment Income	\$ 991	4.7%	\$ 985	-0.6%	\$ 1,052	6.8%
Other	\$ 220	-35.6%	\$ 204	-7.1%	\$ 221	8.1%
<b>Total Recurring Revenue</b>	<b>\$ 7,861</b>	<b>-2.4%</b>	<b>\$ 7,195</b>	<b>-8.5%</b>	<b>\$ 7,548</b>	<b>4.9%</b>

- Total recurring GF revenue is estimated to decrease by 8.5% in FY21 due to the widespread impact of COVID-19.
  - Prior estimated decrease of 10.9% in FY21.
- Total recurring GF revenue is estimated to grow in FY22 by 4.9% over FY21.
- The February estimate shows slight improvements in PIT and GRT in FY21 and the same levels in FY22 as prior forecast.
- The February estimates significant improvements are coming from revised Severance Taxes and Federal Mineral Leasing.
  - These revenues improved due to revised estimates of stronger oil prices and volumes.
- Expected additional fiscal stimulus is quickening the pace of recovery.
- Risks remain, as stated by Moody's Analytics the COVID-19 continues to present headwinds to overall recovery.

# NM Consensus Revenue Summary

**Consensus General Fund Recurring Revenue Forecast FY21 to FY25**



Forecast	FY20	FY21	FY22	FY23	FY24	FY25
February 2021 Base	\$ 7,860	\$ 7,195	\$ 7,548	\$ 7,918	\$ 8,251	\$ 8,545
December 2020 Base	\$ 7,860	\$ 7,002	\$ 7,379	\$ 7,775	\$ 8,090	\$ 8,379
June 2020 Base	\$ 7,284	\$ 5,917	\$ 6,221			
December 2019 Base	\$ 7,776	\$ 7,871	\$ 7,926	\$ 8,287	\$ 8,582	

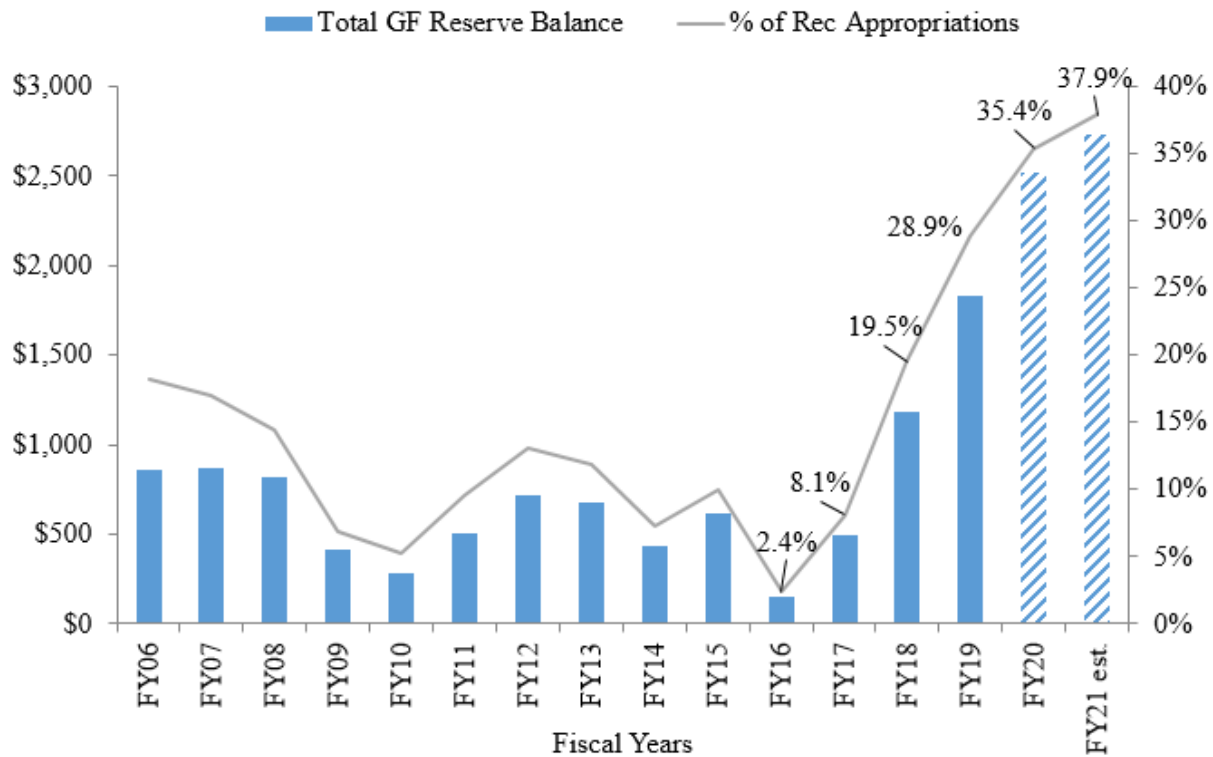
Forecast	FY20	FY21	FY22	FY23	FY24	FY25
December 2020 Base	\$ -	\$ 192	\$ 170	\$ 143	\$ 161	\$ 166
June 2020 Base	\$ 576	\$ 1,278	\$ 1,327			
December 2019 Base	\$ 83	\$ (676)	\$ (377)	\$ (370)	\$ (331)	

- The February 2021 consensus general fund forecast has improved over the December 2020 and the June 2020 forecasts, however, it remains below the estimate produced in December 2019.
- When compared to the December 2020 forecast, the February 2021 estimate revenue is higher by \$192 million and \$170 million in FY21 and FY22, respectively.

Source: DFA, CREG

# General Fund Reserves

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



Source: DFA, FCD (in millions)

- FY20 General fund reserve balances are \$2.5 billion or 35.4% of recurring appropriations
  - Due to the changes in oil prices and volumes in the February 2021 forecast over the December 2020 estimates transfers to the TSR have increased.
  - Total general fund reserves are estimated at \$2.7 billion or 37.9% of recurring appropriations at the end of FY21.\*
    - Compared to the December 2020 estimate \$2.4 billion or 33.4%.\*
- (\*pending 2021 legislative appropriations)

# General Fund Financial Summary (\$ in millions)

	<b>FY2020</b>	<b>FY2021</b>	<b>FY2022</b>
Beginning Balance (General Fund Reserves)	\$1,834.0	\$2,513.9	\$2,733.1
Total Revenue (Recurring Revenue)	\$7,859.8	\$7,194.6	\$7,548.1
Spending (Recurring Appropriations)	(\$7,092.1)	(\$7,209.5)	
Reserve Transfers, etc.	\$518.3	\$55.7	<b>“New Money” \$338.6 million or 4.7%</b>
Ending Balance (General Fund Reserves)	\$2,513.9	\$2,733.1	
General Fund Reserves as a Percent of Recurring Appropriations	35.4%	37.9%*	

\* Pending 2021 legislative appropriations

# Risks to the Forecast

## ➤Upside

- COVID-19 pandemic vaccine rollouts and immunity.

- On the upside, herd immunity is achieved sooner than anticipated.

- Fiscal Stimulus

- The expected additional fiscal stimulus boosts overall economic activity much more than expected.

- Consumer confidence

- Large savings cushion provides a bigger than expected boost to consumer spending later in the year.

- Consumers return to spending on air travel, retail and hotels much more rapidly than expected.

- Higher oil prices.

## ➤Downside

- COVID-19 pandemic and variants create uncertainty

- The current wave of COVID-19 and increases in hospitalizations cause states to shut down nonessential businesses again.

- Weaker Fiscal stimulus

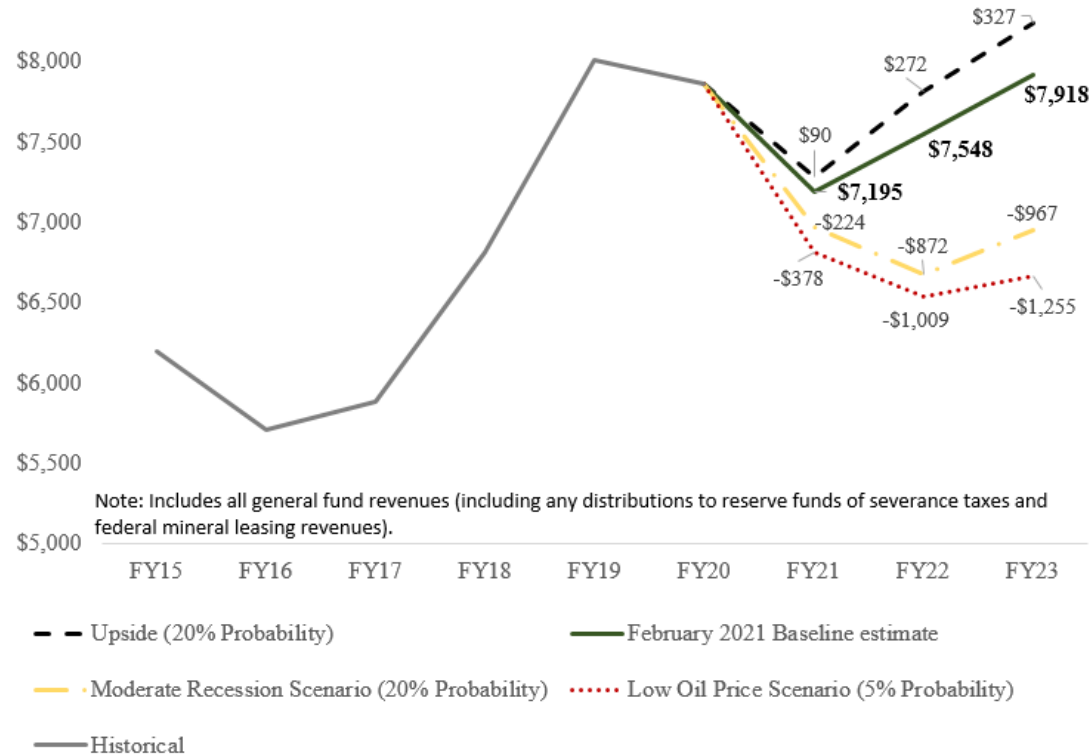
- Further rounds of fiscal support are delayed or smaller in size than in the baseline

- Weaker consumer and business confidence

- Negative oil market supply and demand side shocks.

# Stress Test

## Revenue Sensitivity Analysis



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

Upside Scenario (in millions)			
	FY21	FY22	FY23
Gross Receipts Taxes	\$ 4	\$ 60	\$ 72
Personal Income Taxes	\$ 30	\$ 58	\$ 56
Severance to GF	\$ 1	\$ 9	\$ 24
Severance to TSR	\$ 24	\$ 70	\$ 68
Federal Mineral Leasing	\$ 30	\$ 76	\$ 106
<b>TOTAL difference from baseline</b>	<b>\$ 90</b>	<b>\$ 272</b>	<b>\$ 327</b>

Moderate Recession Scenario (in millions)			
	FY21	FY22	FY23
Gross Receipts Taxes	\$ (57)	\$ (146)	\$ (163)
Personal Income Taxes	\$ (46)	\$ (113)	\$ (184)
Severance to GF	\$ (3)	\$ (204)	\$ (205)
Severance to TSR	\$ (67)	\$ (126)	\$ (76)
Federal Mineral Leasing	\$ (50)	\$ (283)	\$ (340)
<b>TOTAL difference from baseline</b>	<b>\$ (224)</b>	<b>\$ (872)</b>	<b>\$ (967)</b>

Low Oil Price Scenario (in millions)			
	FY21	FY22	FY23
Gross Receipts Taxes	\$ (62)	\$ (250)	\$ (340)
Personal Income Taxes	\$ (42)	\$ (129)	\$ (160)
Severance to GF	\$ (7)	\$ (208)	\$ (298)
Severance to TSR	\$ (131)	\$ (126)	\$ (76)
Federal Mineral Leasing	\$ (136)	\$ (296)	\$ (382)
<b>TOTAL difference from baseline</b>	<b>\$ (378)</b>	<b>\$ (1,009)</b>	<b>\$ (1,255)</b>

- 2020 illustrated New Mexico's revenue sensitivity to an oil market downturn and a national economic recession event. A downturn which the state requires multiple years to weather and recover from.
- The moderate recession scenario forecast illustrates that a prolonged economic downturn of one to two years could result in revenues being lower than the baseline by \$224 million to \$1.01 billion.
- The low oil price scenario forecast illustrates that a prolonged economic downturn of one to two years could result in revenues being lower than the baseline by \$378 million to \$1.39 billion.
- New Mexico's revenue sensitivity to an energy downturn and a national recession event highlights the need for the state to maintain healthy reserve levels.

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# Appendix

# Appendix 1a:

Revenue Source	FY21					FY22					FY23				
	Dec 2020 Est.	Feb 2021 Est.	Change from Prior (Dec. 20)	% Change from FY20	\$ Change from FY20	Dec 2020 Est.	Feb 2021 Est.	Change from Prior (Dec. 20)	% Change from FY21	\$ Change from FY21	Dec 2020 Est.	Feb 2021 Est.	Change from Prior (Dec. 20)	% Change from FY22	\$ Change from FY22
Base Gross Receipts Tax	2,586.3	2,643.0	56.7	-14.9%	(461.1)	2,680.9	2,674.3	(6.6)	1.2%	31.3	2,818.3	2,777.7	(40.6)	3.9%	103.4
F&M Hold Harmless Payments	(121.6)	(122.5)	(0.9)	-24.4%	39.5	(108.9)	(112.7)	(3.8)	-8.1%	9.9	(97.9)	(103.8)	(5.9)	-7.9%	8.9
NET Gross Receipts Tax	2,464.7	2,520.5	55.8	-14.3%	(421.7)	2,572.0	2,561.7	(10.4)	1.6%	41.2	2,720.4	2,673.9	(46.4)	4.4%	112.3
Compensating Tax	53.2	54.3	1.2	-14.5%	(9.2)	37.1	55.0	17.9	1.2%	0.6	39.0	57.1	18.1	3.9%	2.1
TOTAL GENERAL SALES	2,517.9	2,574.8	56.9	-14.3%	(430.8)	2,609.1	2,616.6	7.6	1.6%	41.8	2,759.3	2,731.0	(28.3)	4.4%	114.4
Tobacco Taxes	91.5	91.5	-	3.0%	2.7	87.1	87.1	-	-4.8%	(4.4)	86.1	86.1	-	-1.1%	(1.0)
Liquor Excise	24.9	24.9	-	1.2%	0.3	24.5	24.5	-	-1.6%	(0.4)	24.7	24.7	-	0.8%	0.2
Insurance Taxes	230.8	230.8	-	-10.9%	(28.4)	246.1	246.1	-	6.6%	15.3	261.7	261.7	-	6.3%	15.6
Fire Protection Fund Reversion	12.0	12.0	-	#DIV/0!	12.0	12.0	12.0	-	0.0%	-	12.5	12.5	-	4.2%	0.5
Motor Vehicle Excise	156.3	156.3	-	13.5%	18.5	130.3	130.3	-	-16.6%	(26.0)	134.6	134.6	-	3.3%	4.3
Gaming Excise	19.2	8.5	(10.7)	-81.5%	(37.5)	64.0	64.0	-	652.9%	55.5	65.2	65.2	-	1.9%	1.2
Leased Vehicle & Other	4.3	4.3	-	-32.2%	(2.0)	5.7	5.7	-	32.6%	1.4	5.9	5.9	-	3.5%	0.2
TOTAL SELECTIVE SALES	539.0	528.3	(10.7)	-6.1%	(34.4)	569.7	569.7	-	7.8%	41.4	590.7	590.7	-	3.7%	21.0
Personal Income Tax	1,570.6	1,587.1	16.6	-6.2%	(104.7)	1,669.9	1,667.2	(2.7)	5.0%	80.1	1,770.4	1,760.2	(10.2)	2.4%	93.0
Gross Corporate Income Tax	101.6	134.5	32.9	-3.6%	(5.0)	119.8	142.1	22.3	5.7%	7.6	129.6	154.6	25.0	8.8%	12.5
CIT Refundable Credits	(83.1)	(83.1)	-	8.9%	(6.8)	(99.8)	(99.8)	-	20.1%	(16.7)	(146.6)	(146.6)	-	46.9%	(46.8)
NET Corporate Income Tax	18.5	51.4	32.9	-18.7%	(11.8)	20.0	42.3	22.3	-17.7%	(9.1)	(17.0)	8.0	25.0	-81.2%	(34.3)
TOTAL INCOME TAXES	1,589.1	1,638.5	49.5	-6.6%	(116.5)	1,689.9	1,709.5	19.6	4.3%	71.0	1,753.4	1,768.2	14.8	3.4%	58.7
Gross Oil and Gas School Tax	473.3	561.0	87.7	1.1%	6.2	517.0	611.2	94.2	8.9%	50.2	558.4	622.3	63.9	1.8%	11.1
Excess to Tax Stabilization Reserve	(52.9)	(140.6)	(87.7)	-15.4%	25.5	(49.3)	(126.0)	(76.7)	-10.4%	14.6	(48.2)	(75.7)	27.5	-39.9%	(50.3)
NET Oil & Gas School Tax	420.4	420.4	(0.0)	8.2%	31.7	467.7	485.2	17.5	15.4%	64.8	510.3	546.6	36.3	12.7%	61.4
Oil Conservation Tax	24.7	29.5	4.8	0.0%	(0.0)	27.0	31.9	4.9	8.1%	2.4	29.1	32.5	3.4	1.9%	0.6
Resources Excise Tax	6.7	6.7	-	-6.3%	(0.4)	7.7	7.7	-	14.9%	1.0	7.5	7.5	-	-2.6%	(0.2)
Natural Gas Processors Tax	8.2	9.6	1.4	-35.0%	(5.2)	9.6	8.2	(1.4)	-14.6%	(1.4)	11.6	11.6	-	41.5%	3.4
TOTAL SEVERANCE TAXES	460.0	466.2	6.2	5.9%	26.1	512.0	533.0	21.0	14.3%	66.8	558.5	598.2	39.7	12.2%	65.2
LICENSE FEES	52.7	52.7	-	4.5%	2.3	53.8	53.8	-	2.1%	1.1	54.1	54.1	-	0.5%	0.3
LGPF Interest	719.9	719.9	-	6.9%	46.4	771.3	781.8	10.5	8.6%	61.9	817.8	848.3	30.5	8.5%	66.5
STO Interest	31.0	31.0	-	-66.2%	(60.8)	23.5	23.5	-	-24.2%	(7.5)	16.5	16.5	-	-29.8%	(7.0)
STPF Interest	234.0	234.0	-	3.9%	8.8	245.1	246.4	1.3	5.3%	12.4	254.2	259.1	4.9	5.2%	12.7
TOTAL INTEREST	984.9	984.9	-	-0.6%	(5.6)	1,039.9	1,051.7	11.8	6.8%	66.8	1,088.5	1,123.9	35.4	6.9%	72.2
Gross Federal Mineral Leasing	648.2	738.5	90.3	-9.6%	(78.7)	677.3	787.0	109.7	6.6%	48.5	750.0	831.2	81.2	5.6%	44.3
Excess to Early Childhood Trust Fund	-	-	n/a	n/a	n/a	-	-	n/a	n/a	n/a	-	-	-	n/a	n/a
NET Federal Mineral Leasing	648.2	738.5	90.3	-9.6%	(78.7)	677.3	787.0	109.7	6.6%	48.5	750.0	831.2	81.2	5.6%	44.3
State Land Office	59.4	59.4	-	-15.0%	(10.5)	60.2	60.2	-	1.3%	0.8	61.2	61.2	-	1.7%	1.0
TOTAL RENTS & ROYALTIES	707.6	797.9	90.3	-10.0%	(89.1)	737.5	847.2	109.7	6.2%	49.3	811.2	892.4	81.2	5.3%	45.3
TRIBAL REVENUE SHARING	53.8	53.8	-	18.4%	8.4	68.6	68.6	-	27.6%	14.8	69.1	69.1	-	0.6%	0.4
MISCELLANEOUS RECEIPTS	47.5	47.5	-	11.5%	4.9	47.9	47.9	-	1.0%	0.5	40.0	40.0	-	-16.5%	(7.9)
REVERSIONS	50.0	50.0	-	-38.3%	(31.1)	50.0	50.0	-	0.0%	-	50.0	50.0	-	0.0%	-
TOTAL RECURRING	7,002.5	7,194.6	192.1	-8.5%	(666.0)	7,378.5	7,548.1	169.6	4.9%	353.5	7,774.8	7,917.6	142.8	4.9%	369.5
TOTAL NONRECURRING	17.0	62.8	45.8	-80.5%	(259.5)	-	-	-	n/a	(62.8)	-	-	-	n/a	-
GRAND TOTAL	7,019.5	7,257.4	238.0	-11.3%	(925.5)	7,378.5	7,548.1	169.6	4.0%	290.7	7,774.8	7,917.6	142.8	4.9%	369.5

Note: Columns in blue show difference between December 2020 Consensus Revenue Estimate and February 2021 Consensus Revenue Estimate

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

# Appendix 1b:

Revenue Source	FY24					FY25				
	Dec 2020 Est.	Feb 2021 Est.	Change from Prior (Dec. 20)	% Change from FY23	\$ Change from FY23	Dec 2020 Est.	Feb 2021 Est.	Change from Prior (Dec. 20)	% Change from FY24	\$ Change from FY24
Base Gross Receipts Tax	2,917.4	2,880.6	(36.8)	3.7%	102.9	3,043.4	2,982.0	(61.4)	3.5%	101.4
F&M Hold Harmless Payments	(86.6)	(94.5)	(7.9)	-9.0%	9.3	(74.7)	(84.8)	(10.1)	-10.3%	9.7
NET Gross Receipts Tax	2,830.8	2,786.1	(44.7)	4.2%	112.2	2,968.7	2,897.2	(71.5)	4.0%	111.1
Compensating Tax	40.3	59.2	18.9	3.7%	2.1	42.1	61.3	19.2	3.5%	2.1
<b>TOTAL GENERAL SALES</b>	<b>2,871.1</b>	<b>2,845.3</b>	<b>(25.8)</b>	<b>4.2%</b>	<b>114.3</b>	<b>3,010.8</b>	<b>2,958.5</b>	<b>(52.2)</b>	<b>4.0%</b>	<b>113.2</b>
Tobacco Taxes	84.9	84.9	-	-1.4%	(1.2)	83.4	83.4	-	-1.8%	(1.5)
Liquor Excise	24.9	24.9	-	0.8%	0.2	25.0	25.0	-	0.4%	0.1
Insurance Taxes	278.8	278.8	-	6.5%	17.1	294.4	294.4	-	5.6%	15.6
Fire Protection Fund Reversion	13.0	13.0	-	4.0%	0.5	13.5	13.5	-	3.8%	0.5
Motor Vehicle Excise	140.2	140.2	-	4.2%	5.6	145.2	145.2	-	3.6%	5.0
Gaming Excise	64.7	64.7	-	-0.8%	(0.5)	64.1	64.1	-	-0.9%	(0.6)
Leased Vehicle & Other	5.9	5.9	-	0.0%	-	5.6	5.6	-	-5.1%	(0.3)
<b>TOTAL SELECTIVE SALES</b>	<b>612.4</b>	<b>612.4</b>	<b>-</b>	<b>3.7%</b>	<b>21.7</b>	<b>631.2</b>	<b>631.2</b>	<b>-</b>	<b>3.1%</b>	<b>18.8</b>
Personal Income Tax	1,847.9	1,828.3	(19.5)	2.4%	68.1	1,914.1	1,895.2	(18.8)	2.4%	66.9
Gross Corporate Income Tax	133.5	164.2	30.7	6.2%	9.6	139.4	175.6	36.2	6.9%	11.4
CIT Refundable Credits	(150.5)	(150.5)	-	2.6%	(3.9)	(153.5)	(153.5)	-	2.0%	(3.0)
NET Corporate Income Tax	(17.0)	13.7	30.7	71.9%	5.7	(14.1)	22.1	36.2	61.3%	8.4
<b>TOTAL INCOME TAXES</b>	<b>1,830.9</b>	<b>1,842.0</b>	<b>11.2</b>	<b>4.2%</b>	<b>73.8</b>	<b>1,900.0</b>	<b>1,917.3</b>	<b>17.4</b>	<b>4.1%</b>	<b>75.3</b>
Gross Oil and Gas School Tax	591.2	631.7	40.5	1.5%	9.4	630.1	643.8	13.7	1.9%	12.1
Excess to Tax Stabilization Reserve	(59.4)	(50.8)	8.6	-32.9%	(24.9)	(91.2)	(47.6)	(43.6)	-6.3%	(3.2)
NET Oil & Gas School Tax	531.8	580.9	49.1	6.3%	34.3	539.0	596.2	57.2	2.6%	15.3
Oil Conservation Tax	30.7	32.9	2.2	1.2%	0.4	32.7	33.5	0.8	1.8%	0.6
Resources Excise Tax	7.6	7.6	-	1.3%	0.1	7.7	7.7	-	1.3%	0.1
Natural Gas Processors Tax	11.8	11.8	-	1.7%	0.2	12.0	12.0	-	1.7%	0.2
<b>TOTAL SEVERANCE TAXES</b>	<b>581.9</b>	<b>633.2</b>	<b>51.3</b>	<b>5.9%</b>	<b>35.0</b>	<b>591.4</b>	<b>649.4</b>	<b>58.0</b>	<b>2.6%</b>	<b>16.2</b>
LICENSE FEES	54.5	54.5	-	0.7%	0.4	55.1	55.1	-	1.0%	0.5
LGPF Interest	844.2	908.2	64.0	7.1%	59.9	879.4	981.8	102.4	8.1%	73.6
STO Interest	19.4	19.4	-	17.6%	2.9	19.4	19.4	-	0.0%	-
STPF Interest	257.1	269.2	12.1	3.9%	10.1	261.9	282.4	20.5	4.9%	13.2
<b>TOTAL INTEREST</b>	<b>1,120.7</b>	<b>1,196.8</b>	<b>76.1</b>	<b>6.5%</b>	<b>72.9</b>	<b>1,160.7</b>	<b>1,283.6</b>	<b>123.0</b>	<b>7.3%</b>	<b>86.8</b>
Gross Federal Mineral Leasing	796.8	845.2	48.4	1.7%	14.0	841.6	861.3	19.7	1.9%	16.1
Excess to Early Childhood Trust Fund	-	-	-	n/a	n/a	(35.7)	(35.7)	-	n/a	(35.7)
NET Federal Mineral Leasing	796.8	845.2	48.4	1.7%	14.0	805.9	825.6	19.7	-2.3%	(19.6)
State Land Office	62.4	62.4	-	2.0%	1.2	63.7	63.7	-	2.1%	1.3
<b>TOTAL RENTS &amp; ROYALTIES</b>	<b>859.2</b>	<b>907.6</b>	<b>48.4</b>	<b>1.7%</b>	<b>15.2</b>	<b>869.6</b>	<b>889.3</b>	<b>19.7</b>	<b>-2.0%</b>	<b>(18.3)</b>
TRIBAL REVENUE SHARING	70.2	70.2	-	1.6%	1.1	71.3	71.3	-	3.2%	1.1
MISCELLANEOUS RECEIPTS	39.2	39.2	-	-2.0%	(0.8)	39.1	39.1	-	-0.2%	(0.1)
REVERSIONS	50.0	50.0	-	0.0%	-	50.0	50.0	-	0.0%	-
<b>TOTAL RECURRING</b>	<b>8,090.1</b>	<b>8,251.2</b>	<b>161.2</b>	<b>4.2%</b>	<b>333.6</b>	<b>8,379.0</b>	<b>8,544.8</b>	<b>165.8</b>	<b>3.6%</b>	<b>293.6</b>
TOTAL NONRECURRING			-	n/a	-			-	n/a	-
<b>GRAND TOTAL</b>	<b>8,090.1</b>	<b>8,251.2</b>	<b>161.2</b>	<b>4.2%</b>	<b>333.6</b>	<b>8,379.0</b>	<b>8,544.8</b>	<b>165.8</b>	<b>3.6%</b>	<b>293.6</b>

# Appendix 2:

U.S. and New Mexico Economic Indicators											
		FY21		FY22		FY23		FY24		FY25	
		December 20 Forecast	January 20 Forecast	December 20 Forecast	January 20 Forecast	December 20 Forecast	January 20 Forecast	December 20 Forecast	January 20 Forecast	December 20 Forecast	January 20 Forecast
<b>National Economic Indicators</b>											
IHS	US Real GDP Growth (annual avg., % YOY)*	-3.9	0.6	2.2	2.2	2.7	2.7	2.7	2.7	3.0	3.0
Moody's	US Real GDP Growth (annual avg., % YOY)*	0.7	1.2	4.2	4.9	4.3	4.5	2.8	2.5	2.2	2.0
IHS	US Inflation Rate (CPI-U, annual avg., % YOY)**	1.7	1.7	2.6	2.6	2.4	2.4	2.1	2.1	2.1	2.1
Moody's	US Inflation Rate (CPI-U, annual avg., % YOY)**	1.4	1.6	2.3	2.3	2.7	2.5	2.6	2.4	2.4	2.5
IHS	Federal Funds Rate (%)	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Moody's	Federal Funds Rate (%)	0.1	0.1	0.1	0.1	0.1	0.1	0.5	0.7	1.5	1.7
<b>New Mexico Labor Market and Income Data</b>											
BBER	NM Non-Agricultural Employment Growth (%)	-2.3	-2.3	1.4	1.4	1.5	1.5	1.4	1.4	1.3	1.3
Moody's	NM Non-Agricultural Employment Growth (%)	-4.4	-4.1	2.2	3.2	2.7	2.7	1.9	1.6	0.7	0.7
BBER	NM Nominal Personal Income Growth (%)***	4.8	4.8	0.0	0.0	2.6	2.6	4.3	4.3	4.3	4.3
Moody's	NM Nominal Personal Income Growth (%)***	0.1	6.0	0.5	-2.3	5.0	4.9	4.7	4.4	4.4	4.2
BBER	NM Total Wages & Salaries Growth (%)	1.3	1.3	3.9	3.9	4.4	4.4	4.5	4.5	4.3	4.3
Moody's	NM Total Wages & Salaries Growth (%)	0.4	1.9	3.3	4.2	4.7	4.0	5.3	4.8	4.3	4.2
BBER	NM Private Wages & Salaries Growth (%)	-0.8	-0.8	5.5	5.5	3.7	3.7	4.2	4.2	4.1	4.1
BBER	NM Real Gross State Product (% YOY)	-3.7	-3.7	3.5	3.5	2.9	2.9	2.6	2.6	2.6	2.6
Moody's	NM Real Gross State Product (% YOY)	-0.1	1.3	3.3	5.4	3.9	4.3	2.5	2.5	1.8	1.7
CREG	NM Gross Oil Price (\$/barrel)	\$38.00	\$43.50	\$43.50	\$47.00	\$47.00	\$48.50	\$47.50	\$49.00	\$48.50	\$49.50
CREG	NM Net Oil Price (\$/barrel)*****	\$33.36	\$38.19	\$38.19	\$41.27	\$41.27	\$42.58	\$41.71	\$43.02	\$42.58	\$43.46
BBER	Oil Volumes (million barrels)	259.5	363.2	273.3	375.4	283.6	391.6	290.4	403.7	303.4	415.0
CREG	NM Taxable Oil Volumes (million barrels)	340.0	370.0	330.0	370.0	340.0	370.0	355.0	370.0	370.0	370.0
	NM Taxable Oil Volumes (%YOY growth)										
CREG	NM Gross Gas Price (\$ per thousand cubic feet)****	\$2.55	\$2.45	\$2.65	\$2.70	\$2.55	\$2.65	\$2.65	\$2.70	\$2.75	\$2.80
CREG	NM Net Gas Price (\$ per thousand cubic feet)*****	\$1.61	\$1.55	\$1.72	\$1.75	\$1.63	\$1.69	\$1.72	\$1.75	\$1.81	\$1.85
BBER	Gas Volumes (billion cubic feet)	1,342		1,393		1,424		1,458		1,503	
CREG	NM Taxable Gas Volumes (billion cubic feet)	1,760	1,830	1,715	1,830	1,755	1,830	1,785	1,830	1,815	1,830
	NM Taxable Gas Volumes (%YOY growth)										
<b>Notes</b>											
* 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 - January 2021 FOR-UNM baseline. IHS Global Insight - January 2021 baseline.											
<b>DFA Notes</b>											
* Real GDP is BEA chained 2012 dollars, billions, annual rate											
** CPI is all urban, BLS 1982-84=1.00 base.											
***Nominal Personal Income growth rates are for the calendar year in which each fiscal year begins											
****The gross gas prices are estimated using a formula of NYMEX, EIA, and Moody's January future prices											
*****The net oil and gas prices represent calculated prices based on taxable values of the product after deductions for transportation, processing, and royalties											
Sources: January 2021 Moody's economy.com baseline											

# Appendix 3:

## GENERAL FUND FINANCIAL SUMMARY February 2021. (Dollars in Millions)

	Actual FY20	Est. FY21	Est. FY22
<b>APPROPRIATION ACCOUNT</b>			
<b>Revenue:</b>			
Recurring Revenue:			
December 2020 Consensus Revenue Forecast	\$ 7,859.8	\$ 7,002.5	\$ 7,378.5
February 2021 Forecast Revisions		\$ 192.1	\$ 169.6
<b>Subtotal Recurring Revenue</b>	<b>\$ 7,859.8</b>	<b>\$ 7,194.6</b>	<b>\$ 7,548.1</b>
Nonrecurring Revenue			
2019 Legislative Session	\$ -	\$ -	<b>FY22 New Money \$338.6 million or 4.7%</b>
December 2019 Nonrecurring Revenue Forecast, Adj. for 2020 Legislative Session	\$ 37.0	\$ 62.8	
Enhanced FMAP Medicaid Reversion	\$ 135.4	\$ -	
June 2020 Special Session (SBS Road Swaps)	\$ 75.0	\$ -	
June 2020 Special Session (SBS Sweeps)	\$ 28.9	\$ -	
Transfers/offsets from Coronavirus Relief Fund	\$ 46.2	\$ -	
Federal Stimulus Funds		\$ 750.0	
<b>Subtotal Nonrecurring Revenue</b>	<b>\$ 322.5</b>	<b>\$ 812.8</b>	
<b>Total Revenue</b>	<b>\$ 8,182.3</b>	<b>\$ 8,007.4</b>	
<b>Appropriations:</b>			
Recurring Appropriations:			
Prior Legislative Sessions			
2019 Legislative Session and Feed Bill	\$ 7,085.3	\$ -	
2020 Legislative Session and Feed Bill	6.8	7,621.4	
2020 Special Session Solvency Savings		(411.9)	
<b>Subtotal Recurring Appropriations</b>	<b>\$ 7,092.1</b>	<b>\$ 7,209.5</b>	<b>\$ -</b>
Nonrecurring:			
Prior Legislative Sessions			
Audit Adjustments			
2019 Legislative Session	\$ 431.9	\$ -	\$ -
2020 Legislative session	\$ 506.4	\$ 320.0	\$ -
2020 First Special Session Solvency Savings	\$ (104.8)	\$ (20.0)	
2020 First Special Session Federal Funds Swaps		\$ (146.6)	
2019 GAA Undistributed Nonrecurring Appropriations	\$ (2.1)		
2020 GAA Undistributed Nonrecurring Appropriations	\$ (259.5)	\$ 259.5	
2020 Second Special Session Appropriations		\$ 329.2	
<b>Subtotal Nonrecurring Appropriations</b>	<b>\$ 571.9</b>	<b>\$ 742.1</b>	<b>\$ -</b>
<b>Total Appropriations</b>	<b>\$ 7,664.0</b>	<b>\$ 7,951.6</b>	<b>\$ -</b>
Transfers to/(from Reserves)	\$ 518.3	\$ 55.7	\$ -
<b>GENERAL FUND RESERVES</b>			
Beginning Balances	\$ 1,834.0	\$ 2,513.9	
Transfers from/(to) Appropriation Account	\$ 518.3	\$ 55.7	
Revenue and Reversions	\$ 240.5	\$ 218.1	
Appropriations, Expenditures & Transfers Out	\$ (78.9)	\$ (54.6)	
<b>Ending Balances</b>	<b>\$ 2,513.9</b>	<b>\$ 2,733.1</b>	
Reserves as a % of Recurring Appropriations	35.4%	37.9%	

## Reserve Detail (Dollars in Millions)

	Est. FY20	Est. FY21	Est. FY22
<b>OPERATING RESERVE</b>			
Beginning Balance	\$ 486.3	\$ 507.2	\$ 557.2
BOF Emergency Appropriations/Reversions	\$ (2.0)	\$ (2.5)	\$ (2.0)
Disaster Allotments <sup>1</sup>	\$ (46.6)	\$ (3.2)	\$ -
Transfers from/to Appropriation Account	\$ 518.3	\$ 55.7	\$ -
Transfers to Tax Stabilization Reserve	\$ (448.8)	\$ -	\$ -
Transfers from (to) ACF/Other Appropriations	\$ -	\$ -	\$ -
Transfers from Tax Stabilization Reserve	\$ -	\$ -	\$ -
<b>Ending Balance</b>	<b>\$ 507.2</b>	<b>\$ 557.2</b>	<b>\$ 555.2</b>
<b>APPROPRIATION CONTINGENCY FUND</b>			
Beginning Balance	\$ 11.7	\$ 8.7	\$ 0.7
Disaster Allotments	\$ (13.3)	\$ (16.0)	\$ (16.0)
Other Appropriations			
Transfers In	\$ 2.0	\$ -	\$ -
Revenue and Reversions	\$ 8.3	\$ 8.0	\$ 8.0
<b>Ending Balance</b>	<b>\$ 8.7</b>	<b>\$ 0.7</b>	<b>\$ (7.3)</b>
<b>STATE SUPPORT RESERVE</b>			
Beginning Balance	\$ 19.1	\$ 29.1	\$ 39.0
Revenues/Transfers <sup>2</sup>	\$ 10.0	\$ 9.9	\$ -
Appropriations	\$ -	\$ -	\$ -
<b>Ending Balance</b>	<b>\$ 29.1</b>	<b>\$ 39.0</b>	<b>\$ 39.0</b>
<b>TOBACCO SETTLEMENT PERMANENT FUND</b>			
Beginning Balance	\$ 228.6	\$ 241.3	\$ 251.4
Transfers In <sup>6</sup>	\$ 33.9	\$ 32.9	\$ 12.0
Appropriation to Tobacco Settlement Program Fund	\$ (17.0)	\$ (32.9)	\$ (12.0)
Gains/Losses	\$ (4.2)	\$ 10.1	\$ 13.8
Additional Transfers from TSPF	\$ -	\$ -	\$ -
Transfer to General Fund Appropriation Account	\$ -	\$ -	\$ -
<b>Ending Balance</b>	<b>\$ 241.3</b>	<b>\$ 251.4</b>	<b>\$ 265.2</b>
<b>TAX STABILIZATION RESERVE</b>			
Beginning Balance	\$ 1,088.3	\$ 1,727.6	\$ 1,884.7
Revenues In <sup>3</sup>	\$ 166.1	\$ 140.6	\$ 126.0
Transfers In (from Operating Reserve)	\$ 448.8	\$ -	\$ -
Transfer Out to Operating Reserve <sup>4,5</sup>	\$ -	\$ -	\$ -
Gains/Losses	\$ 24.3	\$ 26.4	\$ 76.6
Other appropriations	\$ -	\$ -	\$ -
Audit Adjustments <sup>7</sup>	\$ -	\$ (9.9)	\$ -
<b>Ending Balance</b>	<b>\$ 1,727.6</b>	<b>\$ 1,884.7</b>	<b>\$ 2,087.4</b>
Emergency Reserves: Rainy Day Fund and TSPF Ending Balances	\$ 1,968.9	\$ 2,136.2	
Percent of Recurring Appropriations	27.8%	29.6%	
Other Reserve Fund Ending Balances	\$ 545.0	\$ 596.9	
Percent of Recurring Appropriations	8%	8%	
<b>Total General Fund Ending Balances</b>	<b>\$ 2,513.9</b>	<b>\$ 2,733.1</b>	
<b>Percent of Recurring Appropriations</b>	<b>35.4%</b>	<b>37.9%</b>	

1. FY20 includes disaster allotments which have been made in response to the Covid-19 healthcare crisis.

2. Laws 2019, Chapter 271 (HB2) contained a \$10 million appropriation to the state support reserve fund.

3. Estimated transfers to TSR from excess oil and gas emergency tax revenues in excess of the rolling five-year average.

4. Laws 2020, HB341 transfers a portion of the balance in the Tax Stabilization Reserve (TSR) if the General Fund Operating Reserve is less than one percent of aggregate appropriations. The amount transferred is equal to the lesser of the one percent of appropriations or the amount necessary so that the balance in the Operating Reserve is one percent of percent aggregate appropriations.

5. Special Session Laws 2020, Chapter 5 (HB1, Section 15-B) authorized a transfer of up to \$750 million from the tax stabilization reserve to the operating reserve if FY21 revenues fall short of FY21 appropriations

6. DFA and LFC estimate \$12 million in TSPF revenue due to expected arbitration ruling to affect FY22; LFC assumes legislation will be proposed to use 100% of revenue for tobacco program fund.

7. Special Session Laws 2020, Chapter 5 FY20 reversion to state support reserve fund sent to TSR, adjusted to state support reserve fund in FY21.

Totals may not sum due to rounding

# Appendix 4:

Sources and Uses of Bonding Capacity Available for Authorization and Severance Tax Permanent Fund Transfer (in millions) FEBRUARY 2021 Estimate						
Sources of Funds	FY21	FY22	FY23	FY24	FY25	5-Year
<b>General Obligation Bonds</b>		<b>\$218.0</b>		<b>\$218.0</b>		<b>\$436.0</b>
<b>Senior STBs</b>	<b>\$591.8</b>	<b>\$589.0</b>	<b>\$575.9</b>	<b>\$548.2</b>	<b>\$522.6</b>	<b>\$2,827.4</b>
Severance Tax Bonds	\$428.5	\$428.5	\$428.5	\$428.5	\$428.5	\$2,142.5
Severance Tax Notes	\$163.3	\$160.5	\$147.4	\$119.7	\$94.1	\$684.9
<b>Supplemental STBs</b>	<b>\$232.9</b>	<b>\$234.3</b>	<b>\$256.0</b>	<b>\$265.9</b>	<b>\$269.2</b>	<b>\$1,258.3</b>
Supplemental Severance Tax Bonds	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Supplemental Severance Tax Notes	\$232.9	\$234.3	\$256.0	\$265.9	\$269.2	\$1,258.3
<b>TOTAL Sources of Funds</b>	<b>\$824.7</b>	<b>\$1,041.3</b>	<b>\$831.9</b>	<b>\$1,032.0</b>	<b>\$791.7</b>	<b>\$4,521.7</b>
Uses of Funds	FY21	FY22	FY23	FY24	FY25	5-Year
<b>GOB Projects Approved by Referendum</b>		<b>\$218.0</b>		<b>\$218.0</b>		<b>\$436.0</b>
Authorized but Unissued STB Projects (1)	\$7.9	\$0.0	\$0.0	\$0.0	\$0.0	\$7.9
Reassigned STB Projects (2)	\$0.2	\$0.0	\$0.0	\$0.0	\$0.0	\$0.2
9% of Senior STB for Water Projects	\$53.3	\$53.0	\$51.8	\$49.3	\$47.0	\$254.5
4.5% of Senior STB for Colonias Projects	\$26.6	\$26.5	\$25.9	\$24.7	\$23.5	\$127.2
4.5% of Senior STB for Tribal Projects	\$26.6	\$26.5	\$25.9	\$24.7	\$23.5	\$127.2
<b>New Senior STB Statewide Capital Projects</b>	<b>\$477.1</b>	<b>\$483.0</b>	<b>\$472.2</b>	<b>\$449.5</b>	<b>\$428.5</b>	<b>\$2,310.3</b>
PSCOC Public School Capital	\$207.9	\$209.3	\$256.0	\$265.9	\$269.2	\$1,208.33
PED Instructional Materials/Transportation	\$25.0	\$25.0	\$0.0	\$0.0	\$0.0	\$50.00
<b>TOTAL Uses of Funds</b>	<b>\$824.7</b>	<b>\$1,041.3</b>	<b>\$831.9</b>	<b>\$1,032.0</b>	<b>\$791.7</b>	<b>\$4,521.7</b>

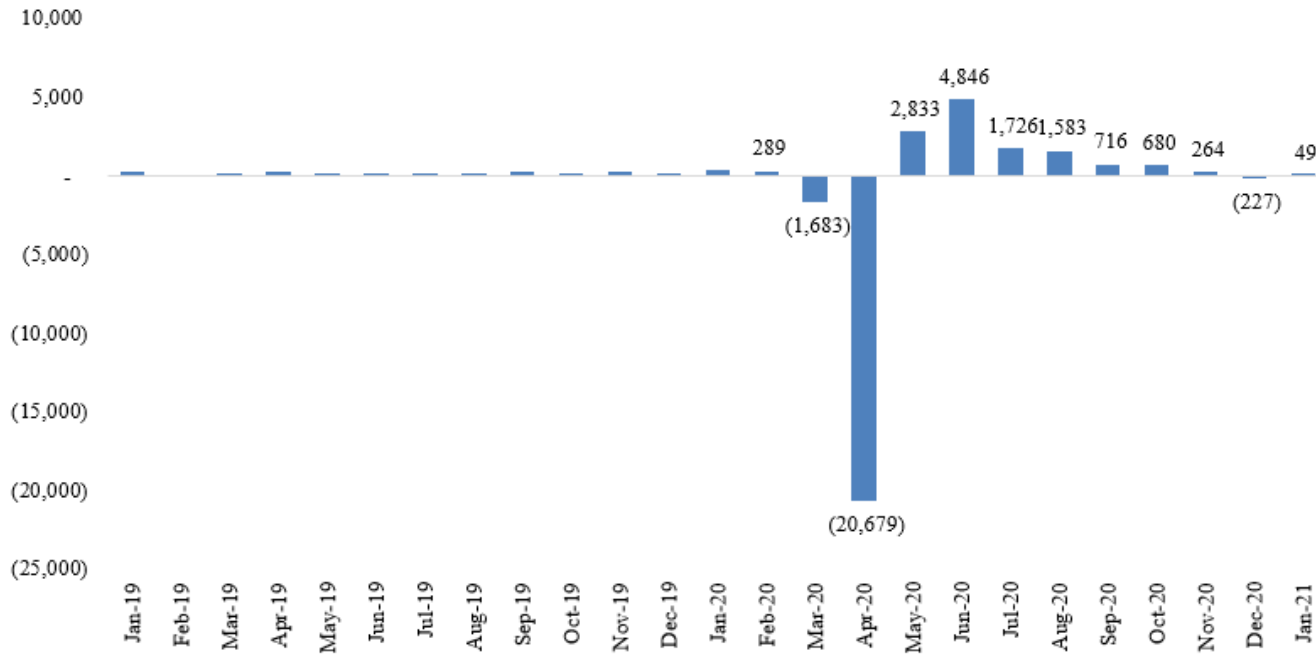
(1) Includes projects authorized that have either not yet met requirements for funding or were not able to be funded with annual senior capacity.

(2) Includes projects that have remained inactive for a period of at least 18 months following bond issuance for which the proceeds have been reassigned to ready projects.

Estimated Transfer to Severance Tax Permanent Fund						
	FY21	FY22	FY23	FY24	FY25	5-Year
<b>Severance Tax Permanent Fund Transfer</b>	<b>\$87.4</b>	<b>\$83.7</b>	<b>\$100.2</b>	<b>\$94.0</b>	<b>\$105.1</b>	<b>\$470.4</b>

# Appendix 5: US Economic Outlook

Monthly change in non-farm payroll employment (1,000s) in the US: Jan 2019 to Jan 2021

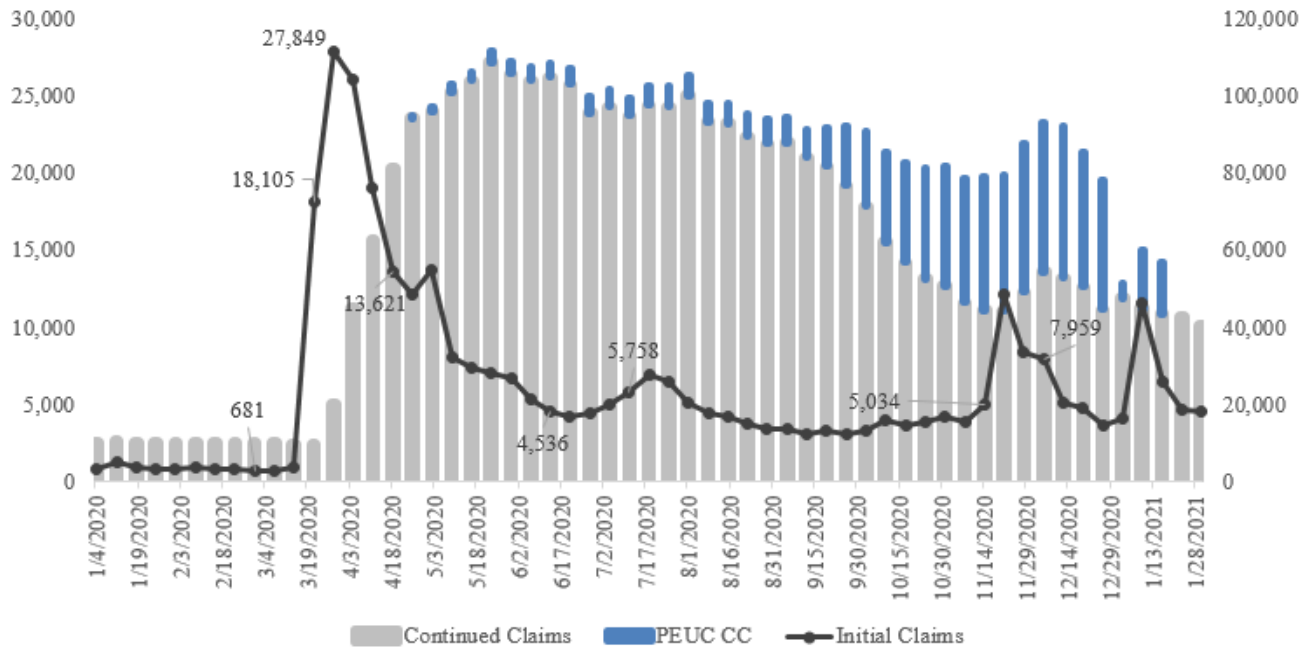


Source: bls.gov

- At the onset of the COVID-19 pandemic the country lost 22.4 million jobs between March and April 2020.
- Since April, the US has gained over 12.4 million jobs. The US is still down over 10 million jobs.
- The national unemployment rate declined from 6.7% in December down to 6.3% in January.
- While the unemployment rate has improved, the monthly change in employment levels shows employment gains slowing.
- Moody's Analytics' projects jobs lost won't be regained until 2023.

# Appendix 6: NM Unemployment Insurance Claims

**New Mexico's Weekly UI Initial Claims, Continued Claims, and Pandemic Emergency Unemployment Compensation Assistance January 2020 to Present**



Source: dol.gov, not seasonally adjusted, DWS NM

- New Mexico UI claims were relatively stable prior to COVID-19.
- Initial claims increased sharply in mid-March and peaked in April.
- The November health care restrictions caused an increase in initial claims the week ending November 14<sup>th</sup> up to 12,522 initial claims. Initial claims remain elevated in the following week at 8,886.
- Continued claims have remained elevated since the pandemic began
- The CARES Act created a new temporary federal program. The Federal Pandemic Unemployment Assistance program (PUA) and the Pandemic Emergency Unemployment Assistance (PEUC).
  - The PUA claims provides UI benefits to individuals who normally would not qualify for UI benefits. Most people on PUA are self-employed, but not all.
  - PUA continued claims peaked at 83,986 at the end of July 2020. PUA claims have decreased to 24,031 since then.
  - PEUC UI provides benefits to individuals who have exhausted the standard unemployment assistance.
  - PEUC claims have increased from 4,947 in July to 13,462 towards the end January 2021.

# Appendix 7: NM Employment Recovery

New Mexico's Employment Situation: December 2020

Industry	February 2020 Employment	April 2020 Employment	Cumulative Change	Percent Change	December 2020 Employment	Cumulative Change April to December	Change in Employment February to December	Percent of jobs recovered April to December
Total Non-farm	866.7	762.3	-104.4	-12.0%	795.2	32.9	-71.5	31.5%
Mining	26.4	20.6	-5.8	-22.0%	18.6	-2.0	-7.8	No gain
Construction	52.8	49.3	-3.5	-6.6%	49.5	0.2	-3.3	5.7%
Manufacturing	29.4	23.4	-6	-20.4%	26.3	2.9	-3.1	48.3%
Trade	138.3	126.1	-12.2	-8.8%	135.4	9.3	-2.9	76.2%
Wholesale Trade	22.4	21.8	-0.6	-2.7%	21.2	-0.6	-1.2	No gain
Retail Trade	90	80.8	-9.2	-10.2%	90.3	9.5	0.3	103.3%
Trans & Utilities	25.9	23.5	-2.4	-9.3%	23.9	0.4	-2.0	16.7%
Information	10.7	9.4	-1.3	-12.1%	9.8	0.4	-0.9	30.8%
Financial Activities	36.4	32.8	-3.6	-9.9%	32.3	-0.5	-4.1	No gain
Professional & Business Services	111.7	104.2	-7.5	-6.7%	107.8	3.6	-3.9	48.0%
Education & Health Services	143.9	131.8	-12.1	-8.4%	135.6	3.8	-8.3	31.4%
Leisure & Hospitality	98.5	57.6	-40.9	-41.5%	67.6	10.0	-30.9	24.4%
Other Services	28.5	23.1	-5.4	-18.9%	25.9	2.8	-2.6	51.9%
Government	189.9	183.9	-6	-3.2%	186.3	2.4	-3.6	40.0%
Federal Government	29.5	29.7	0.2	0.7%	29.7	0.0	0.2	0.0%
State Government	56.7	55	-1.7	-3.0%	60.2	5.2	3.5	305.9%
Local Government	103.7	99.2	-4.5	-4.3%	96.4	-2.8	-7.3	No gain

Source: Bureau of Labor Statistics, [www.bls.gov](http://www.bls.gov). Employment data is seasonally adjusted

- NM lost over 104 thousand jobs at the beginning of the COVID-19 pandemic in April.
- From April to December NM has regained 33 thousand jobs or 31.5% of the employment lost.
- Retail trade has regained 100% of the jobs lost in April or 9,500 jobs.
- Education & Health Services has regained 31.4% of the jobs lost or 3,800 jobs.
- Leisure & Hospitality has regained 24.4% of the jobs lost or 10,000 jobs.