

General Fund Consensus Revenue Estimates

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Introduction:

The revenue projections we present this morning reflect a modestly expanding state economy embedded in a national economy which is trying to recover from a number of woes: the collapse of the “housing price bubble,” housing mortgage foreclosures, a credit crunch, sky-rocketing energy prices, rising food prices and the continued weakness of the dollar. The general consensus among economists is that although national GDP will not have two consecutive quarters of negative growth, continuing job losses may mean that the economy is now technically in a recession. The revenue story for FY08, in one sentence, is that weakness in the broad-based taxes is balanced by strength in severance revenues. Table 1 summarizes the changes from the December, 2007 forecast that was used to prepare the FY09 appropriations bills.¹

Table 1 – Recurring Revenue Changes from December 2007 Forecast						
(Dollars in millions)	FY08	FY09	FY10	FY11	FY12	FY13
December 2007 Forecast adjusted for 2008 legislation	5,902.3	6,045.5	6,226.1	6,381.7	6,547.1	
July 2008 Forecast	5,896.6	6,444.4	6,418.9	6,524.2	6,737.8	6,959.2
Change from previous	-5.7	398.9	192.8	142.5	190.7	
Approximate "New Money"			392.1	105.3	213.6	221.4
"New Money" available for recurring appropriations assumes total appropriations growth sufficient to consume the entire amount of recurring revenues. Note: FY09 recurring appropriations were \$6,026.79						

A \$392.1 million increase in FY10 recurring revenue above FY09 recurring appropriations of \$6,026.8 translates to a potential 6.5% increase in appropriations from FY09 to FY10. This is slightly higher than the historical increase in recurring general fund appropriations.

¹ This table shows “new money” of \$392.1 million. Because DFA and LFC classified some of the appropriations in “HB-Junior” of the 2008 session differently, LFC shows this “new money” as approximately \$382 million.

The current estimate of fiscal year 2009 through fiscal year 2012 severance tax (STBF) bond capacities has been increased significantly from the December forecast, due to both the near-term and long-term increases in the oil and natural gas price estimates. From the December estimate, total fiscal year 2009 capacity rose \$110 million from \$519 million to \$629 million.

	2009		2010		2011		2012		2013
Capacity by Fiscal Year	Dec 07	Jul 08	Dec 07	Jul 08	Dec 07	Jul 08	Dec 07	Jul 08	Jul 08
Senior STB Capacity									
Long-term STB Bonds Issued	149.0	200.0	149.0	200.0	149.0	200.0	149.0	200.0	200.0
Annual Sponge	157.7	188.7	152.1	305.7	133.2	255.2	108.3	197.8	162.2
Annual Capital Capacity	306.7	388.7	301.1	505.7	282.2	455.2	257.3	397.8	362.2
Supplemental STB Capacity									
Supplemental Sponge	212.3	240.4	208.7	324.9	203.0	292.1	197.5	290.3	288.6
Annual Supplemental STB Capacity	212.3	240.4	208.7	324.9	203.0	292.1	197.5	290.3	288.6
Total Capital Capacity	519.0	629.1	509.8	830.6	485.2	747.3	454.8	688.1	650.8

Review of the Economy:

The U.S. economy shows continued weakness. The recent Global Insight July forecast summary is included in this report. GI expects oil, food, and raw materials costs to keep rising through the middle of 2009. If this proves correct, then the difficulties for the U.S. economy will prove severe and will include at least two quarters of decline in real GDP at the turn of the year. We won't know for some time whether the combination of more than six months of job losses, one, two or more quarters of negative GDP growth and well above target inflation will constitute a technical recession². Highlights of the difficulties facing the economy:

- The U.S. economy lost 62,000 jobs in June and 64,000 per month during the second quarter. The unemployment rate stayed flat in June at 5.5%. Monthly job losses averaged 82,000 during the first quarter of 2008. During previous labor market contractions, such as the 1990/1991 recession and the 2001 recession, the pace of job losses was more severe at more than 100,000 per month.
- One interpretation of the recent job trend is that the current economic downturn is shaping up to be short and shallow, and job growth will return sometime soon.

² "The NBER does not define a recession in terms of two consecutive quarters of decline in real GDP. Rather, a recession is a significant decline in economic activity spread across the economy, lasting more than a few months, normally visible in real GDP, real income, employment, industrial production, and wholesale-retail sales." Source: NBER (<http://www.nber.org/cycles.html>)

Global Insight's View of the U.S. Economy – July, 2008

by Nigel Gault

The Outlook Is Darkening

The first half of 2008 has turned out better than feared. But the outlook for the rest of 2008 and early 2009 is darkening, not least because of the seemingly relentless rise in commodity prices. We now expect oil, food, and raw materials costs to keep rising through the middle of 2009. If this proves correct, then the post-stimulus-payments hangover for the U.S. economy will prove severe—including two negative quarters at the turn of the year. Overall, our GDP growth forecast for 2008 is higher than last month (at 1.6%, rather than 1.4%), helped by a better-than-expected first half, but we have cut our growth forecast for 2009 from 1.3% to 0.9%.

First Half Better Than Feared: The economy did better than expected in the first half of the year, probably managing an average growth pace of 1.4%. Consumption has done much better than gloomy sentiment surveys would suggest, and nonresidential construction is still growing. Most important, though, the support to growth from net exports remains very powerful. Export momentum remains quite robust. And imports are falling, so that some of the weakness in U.S. domestic demand is being passed on to the rest of the world.

But a Payback Is on the Way: The fiscal-stimulus package is (at least temporarily) giving consumers some relief from soaring energy and food costs. We expect consumer spending to rise 2.7% at an annual rate in the second quarter—and by 3.5% excluding the slumping light-vehicles sector. But the stimulus effect will fade, and outright declines in consumer spending and GDP are likely in both the fourth quarter of 2008 and the first quarter of 2009. We also expect to see nonresidential construction and state and local government spending turning down. Not until mid-2009 does a sustainable recovery emerge as house prices bottom out, the Fed's low-interest-rate medicine becomes more effective, and financial institutions begin to lend more freely.

Commodity Prices Surging Higher: Upward pressure on commodity prices should continue in the near term. Growth in demand from emerging markets is likely to stay strong for some time. And we do not see a sustained campaign of tightening in G-7 interest rates until the middle of 2009. The price of West Texas Intermediate crude oil is expected to peak at \$160/barrel in December 2008, and prices will remain high until mid-2009, before retreating (to \$130 by the end of 2009 and \$105 by the end of 2010) as demand growth slows. Therefore, U.S. consumers will face gasoline prices moving above \$4.50/gallon by the end of 2008. At the same time, they will be facing still-higher food prices, as the uptrend already in place is exacerbated by the impact of the Midwest floods. We now expect CPI food inflation at 5.4% this year, easing only slightly to 4.5–5.0% in 2009.

A More Stagflationary Forecast: Our revised forecast contains both weaker growth and higher inflation. Consumer price inflation is likely to reach 6% (year-on-year) in the third quarter. Core inflation (excluding food and energy) still remains subdued, although some of the commodity price hikes will probably pass into the core rate over the next few months. The crucial question—the one that will determine whether a true stagflation takes hold—is whether higher price inflation will push up wage inflation. So far, the news on wage inflation remains good.

Federal Reserve on Hold: The Fed is caught between rising inflation, on the one side, and still-anemic growth and a financial crisis that it cannot declare over, on the other side. It has signaled clear concern about the risks to inflation posed by rising commodity prices and the declining dollar; and as headline inflation rates climb during the third quarter, a precautionary rate hike (or two) will become a real possibility. Our baseline view is that the downside risks to growth will prevent an early rate hike; we do not see a tightening cycle beginning until mid-2009.

- Another interpretation is that job losses are being underestimated, and corrections will be made when more complete data become available later.
- June annualized vehicle sales fell to 13.6 million from May's 14.3 million, sinking to a 16-year low.
- The Institute of Supply Management (ISM) Service Index fell in June from May's already low number, while the ISM Manufacturing Index improved for the second consecutive month in June, despite relentless energy cost increases. From recent manufacturing survey data, the negative impact of high oil and natural gas prices is not yet discernible. These indices are important diagnostics and indicate that the economy, while growth has slowed, is not going to collapse.
- The Michigan Consumer Sentiment Index was at 56.4 in June, the lowest level since June 1980. An index of 100 is considered mildly expansive.

New Mexico is not in recession, nor is it likely to have any quarters of overall job losses. Job growth has slowed and there are other issues confronting the New Mexico economy.

- Job growth has slowed in New Mexico, from over 3% in mid 2006 to 1% in the fourth quarter of 2007. Job growth nationwide was also 1% in the fourth quarter of 2007. As recently as May, non-farm job growth increased to 1.1% over year earlier levels, making New Mexico the 9th fastest growing state for that month. Nationwide, the number of nonfarm jobs fell 0.9% from year ago levels in May. While job growth in New Mexico has slowed, it is still in the positive range – about +1% expected for FY08 and FY09, as shown in Table 3.

Table 3 – Non-Agricultural Employment by Sector (Thousand employees)							
	FY07	FY08	FY09	FY10	FY11	FY12	FY13
Mining	19.175	19.503	20.116	20.138	19.699	19.466	19.223
Construction	59.133	58.295	58.378	59.063	59.739	60.869	61.908
Manufacturing	37.775	36.117	35.118	34.794	35.033	35.366	35.361
Trade	118.583	120.219	121.286	122.888	123.383	124.039	125.371
Services	409.784	416.162	423.311	431.281	440.642	450.716	460.04
Government	194.083	195.378	196.941	199.91	202.421	205.435	208.601
Total	838.533	845.669	855.129	868.074	880.93	895.909	910.526
Year-on-year growth	FY07	FY08	FY09	FY10	FY11	FY12	FY13
Mining	7.0%	1.7%	3.1%	0.1%	-2.2%	-1.2%	-1.2%
Construction	2.9%	-1.4%	0.1%	1.2%	1.1%	1.9%	1.7%
Manufacturing	2.5%	-4.4%	-2.8%	-0.9%	0.7%	1.0%	0.0%
Trade	1.3%	1.4%	0.9%	1.3%	0.4%	0.5%	1.1%
Services	5.0%	1.6%	1.7%	1.9%	2.2%	2.3%	2.1%
Government	-3.7%	0.7%	0.8%	1.5%	1.3%	1.5%	1.5%
Total	2.1%	0.9%	1.1%	1.5%	1.5%	1.7%	1.6%

Source: May 2008 FOR-UNM forecast

- Unemployment in New Mexico averaged 3.5% in 2007, and has increased this year to 3.8% in May, somewhat higher than the 3.6% rate in May 2007. Nationally, the unemployment rate averaged 4.7% in 2007 and increased to 5.5% in May, a full 1% point increase from the 4.5% rate in May 2007.
- Residential building permits declined over the past two years in New Mexico by about 35%, from 14,180 units in 2005 to 9,239 in 2007. Over the same period, residential permits nationwide declined at nearly the same rate, 36%. In the first quarter of 2008 building permits declined further in New Mexico, by 27% from the first quarter of 2007. However, the national decline was 36%.
- Foreclosures decreased by 26% in New Mexico between 2006 and 2007, while foreclosures increased 75% nationally during the same period. In May, foreclosures increased by 38% over May 2007 in New Mexico, while the increase nationwide was 48%. The foreclosure rate in May in New Mexico was 1 in every 1,898 homes – only about 1/4th of the national rate of 1 in every 483 homes.
- The House Price Index maintained by The Office of Federal Housing Enterprise Oversight (OFHEO) was up 3.4% for New Mexico between the first quarter of 2007 and the first quarter of 2008. The corresponding figure for the U.S. as a whole was a decline of 0.03%.
- New Mexico’s fiscal situation is significantly better than most state’s. The Center on Budget and Policy Priorities (CBPP) reports that at least 29 states plus the District of Columbia, including several of the nation’s largest states, faced or are facing an estimated \$48 billion in combined short-falls in their budgets for fiscal year 2009 (which begins July 1, 2008 in most states.) Three other states expect budget problems in fiscal year 2010.

FY 2008 Revenue Update:

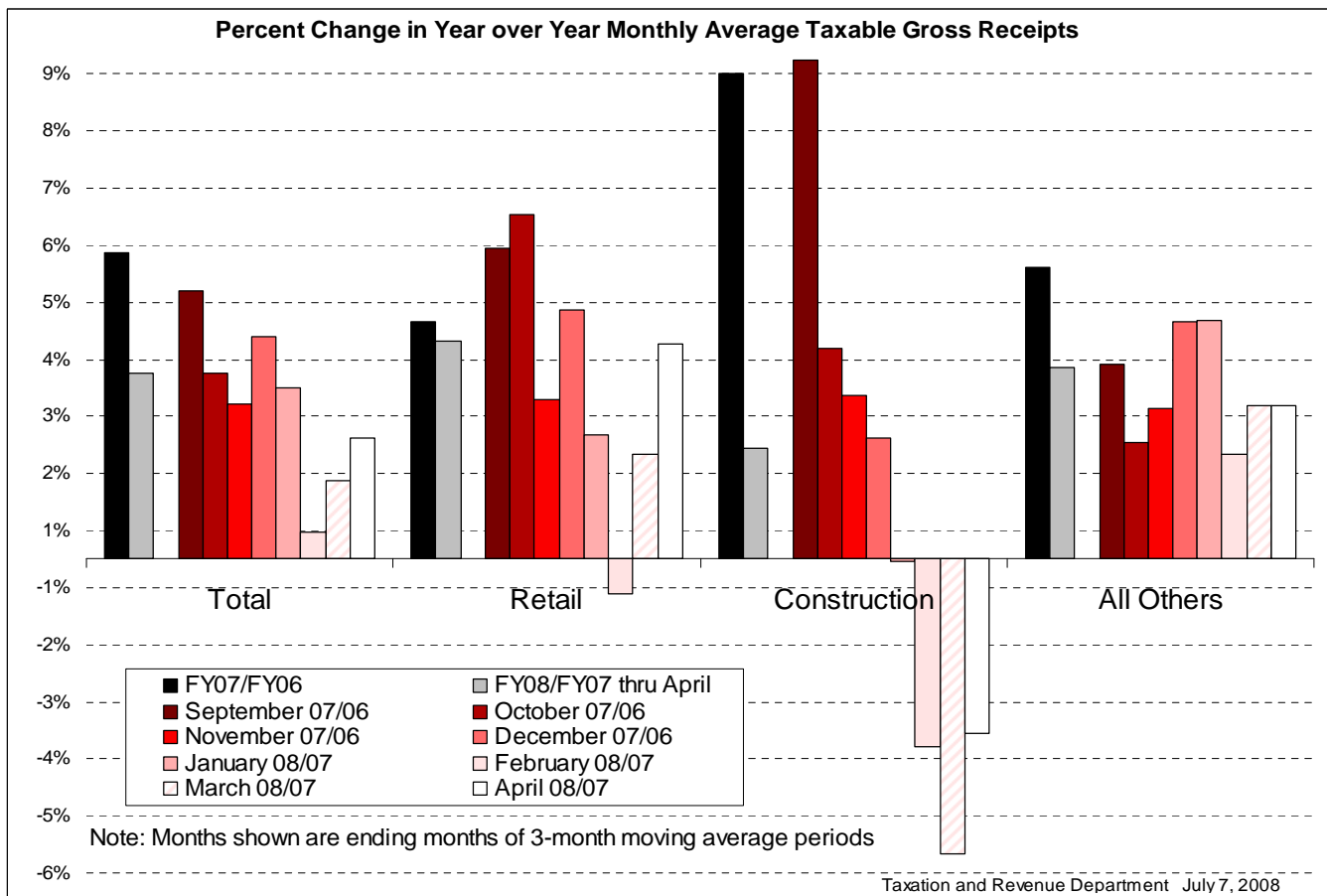
Total General Fund revenues for FY08 are expected to be quite close to the December forecast with weakness in the broad-based taxes balanced by strength in severance revenues. Table 4 summarizes these differences.

Table 4 – Revenue Source	Change from December 2007 Estimate (millions)
Gross receipts and compensating taxes	(\$49.00)
Selective excise (sales) taxes	(\$10.83)
Personal and corporate income taxes	(\$56.81)
Mineral production taxes, federal mineral leasing, state land office income	\$127.11
Investment income	(\$24.05)
All other sources	\$7.93
Total	(\$5.66)

Appendix Table 2 details by revenue source these FY08 differences and the FY09 through FY13 forecasts.

Gross receipts and compensating taxes are the largest source of general fund revenues, representing about 33% of the total recurring revenue. These taxes are expected to finish the year at \$1,925 million compared to the December forecast of \$1,974 million. This change is 2.5% of the original forecast, which will mean that these taxes will have grown only 1.2% from FY07 to FY08.

The following chart shows dramatically that construction activity is not performing well, based on recent data.



Income taxes comprise about 26% of general fund recurring revenues. Personal income tax collections are expected to miss the December revenue forecast by about the same 2.5% as the gross receipts and compensating taxes for FY08. Corporate income tax, due to a number of factors, is expected to miss the December estimate by \$29 million, 6.6% under the December estimate. One of the factors affecting corporate income tax revenues is the strength of the Film Production Tax Credit, reflecting New Mexico's success in developing its film industry. Approved film production tax credits by year are shown in

Table 5. It is expected that the level of credits will grow, but at a much slower pace, throughout the forecast period.

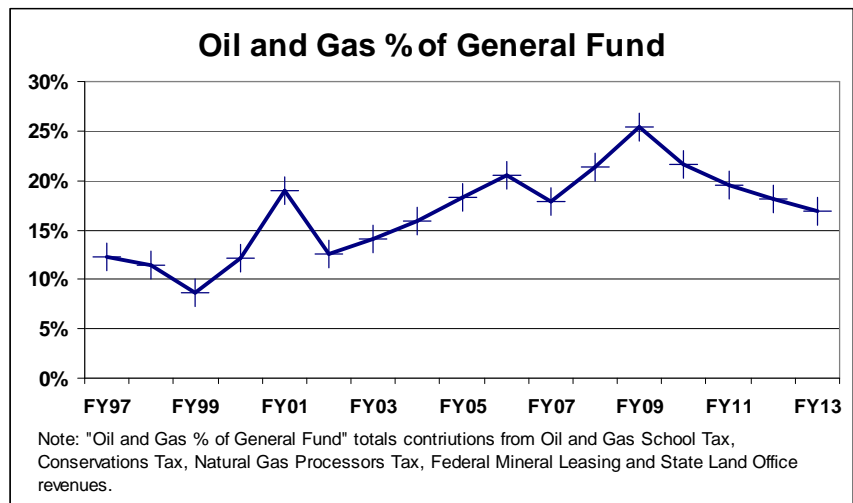
Table 5 -- Approved Film Production Tax Credits FY03-FY08 (through 6/26/08)						
	FY03	FY04	FY05	FY06	FY07	FY08*
Number of Approved Applications	4	8	13	35	34	52
Approved Film Credits (\$000)	\$1,220	\$3,405	\$2,073	\$10,742	\$17,578	\$46,030

* Through 6/26/08

Selective excise taxes – particularly the motor vehicle excise tax – are sensitive measures of consumer sentiment. The category total is expected to miss the December estimate by \$10.8 million or about the same 2.5% as noted for gross receipts and personal income tax.

While the racino (gaming) tax is expected to miss the December forecast by a small amount, tribal revenue sharing continues to outperform estimates. For FY08, tribal revenue sharing is expected to exceed the December estimate by \$2.5 million, which is almost 4% stronger revenue growth than previously expected.

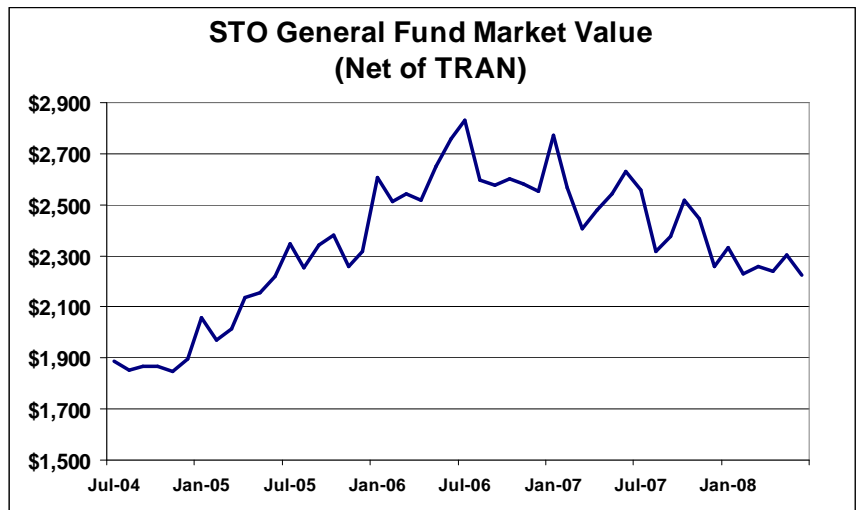
Oil prices are expected to exceed the \$80 per barrel December forecast for FY08 by \$12 per barrel or 15%, while rising to \$92 per barrel. Similarly, natural gas prices are expected to exceed December’s estimated \$6.40 per mcf by the same 15% or \$8.20 per mcf. Oil production is expected to hold steady from FY07 to FY08 – exceeding forecast – while gas production is expected to fall somewhat faster than forecast. Overall, mineral production taxes are expected to increase from FY07 to FY08 by 26.7%. As a result, oil and gas revenues are expected to contribute 21.4% of the general fund’s recurring revenues.



Federal mineral leasing (royalty) payments are expected to exceed the December forecast by \$9.2 million (1.7%). This modest increase is the net of a number of technical factors, including the federal “sanding” provisions previously discussed with this Committee. State Land Office general fund distributions are expected to miss the forecast by \$2.3 million. This is primarily attributable to slightly disap-

pointing lease sale results and lower interest credited on revenues on short-term deposit with the State Treasurer. The federal funds rate for FY08 has fallen from the December forecast of 4.56% to 3.7%.

In addition to lower interest rates, the balances on deposit with the State Treasurer have fallen to about \$2.2 billion from a peak of over \$2.8 billion in July 2006.



FY09 through FY13 Revenue Forecasts:

As in previous years, the revenue story for the forecast period is moderate growth over the period in gross receipts, personal income, corporate income, motor vehicle excise taxes, and investment income, near-term explosive growth in the oil and gas-related revenues, followed by moderating (but still very high) oil and gas prices.

Appendix Table 1 details the assumptions that form the economic basis for the revenue estimates presented here. Of particular note, we are expecting FY09 to be the peak of the increase in both oil and natural gas prices, with FY09 oil prices in New Mexico expected to average \$134 per barrel and natural gas prices to average \$11.50 per mcf. Although prices are expected to increase dramatically, natural gas production is expected to decline somewhat more rapidly than previously expected. Oil production is expected to remain approximately constant across the period, as new wells being drilled in the Permian basin replace the natural decline in production from current wells.

Another critical story is the substantial decrease in interest earnings. Part of this story is, of course, the decrease in federal funds rate engineered by the Federal Reserve Bank, but another part of the story is a more slowly growing increase in balances of both the Land Grant permanent fund and the Oil and Gas Severance Tax Permanent Fund. Treasurer's balances are continuing to decline – due at least in part to more accurate revenue estimates over the last two fiscal years. More accurate estimates mean there is less surplus to flow into treasurer's balances.

Appendix Table 2 details the FY09 through FY13 forecasts. Of particular note for this forecast, the oil and natural gas related revenues are expected to peak in FY09 at 25.4% of total general fund revenues.

Appendix Table 3 shows the details of the general fund financial summary. This summary shows that about \$391.5 in non-recurring money will be available for appropriation in the 2009 session. This level of non-recurring appropriation will maintain general fund balances at 10.0% of current year appropriations.

Risks to the Forecast:

- The principal risk to this forecast is the chance that the national economy will fall into more than a brief and shallow recession and drag New Mexico down with the nation.
- An equally great worry is that if there is a deep national recession, federal revenues will soften and federal spending may be curtailed. New Mexico relies heavily on federal spending, receiving almost \$2 in federal spending of all kinds for each dollar in federal taxes paid by New Mexicans. If this ratio softens, the state might have to use general fund recurring revenue to make up for softening federal grants and entitlements.
- Despite large increases in oil and natural gas prices forecast by the consensus group, there is talk of “\$200 per barrel” crude oil prices. Were that to happen, New Mexico’s severance taxes and mineral-related revenues would increase, but, perhaps, not enough to offset the weakness in the broad-based taxes.
- There are some concerns about both oil and natural gas production levels. Natural decline rates for both existing oil and gas wells are near 10% per year. If the pace of replacement drilling falters, then the production base could fall far more rapidly than assumed in the forecasting models. We are expecting a 4% decline in natural gas production for FY09 and FY10, followed by 3% declines for the remaining portion of the forecast period. Although the near term crude oil production is assumed to be virtually constant, the longer-term expectation is for approximately 1.5% decline, net of replacement drilling.

**APPENDIX TABLE 1: U.S. and New Mexico Economic Indicators
July 2008**

	FY2008		FY2009		FY2010		FY2011		FY2012		FY2013
	Dec. 07 Estimate	July 08 Estimate	Dec. 07 Estimate	July 08 Estimate	Dec. 07 Estimate	July 08 Estimate	Dec. 07 Estimate	July 08 Estimate	Dec. 07 Estimate	July 08 Estimate	July 08 Estimate
NATIONAL ECONOMIC INDICATORS											
US Real GDP Growth (% SAAR)	1.9	2.1	2.9	0.4	2.9	3.7	2.8	3.5	2.6	3.0	2.5
US Inflation Rate (CPI, %, SAAR)*	1.9	4.2	1.6	4.6	1.9	0.6	1.8	1.2	1.8	1.7	1.5
Overnight Yield (%)**	4.56	3.7	4.31	2.00	4.75	3.4	4.75	4.70	4.75	4.80	4.80
NEW MEXICO LABOR MARKET AND INCOME											
NM Non-Agricultural Employment Growth (%)	1.7	0.9	1.7	1.1	1.6	1.5	1.5	1.5	1.5	1.7	1.6
NM Personal Income Growth (%)***	6.5	5.8	5.2	4.3	4.8	4.9	4.8	4.8	4.9	5.4	5.3
NM Private Wages & Salaries Growth (%)	5.8	4.4	3.8	3.8	3.8	5.2	3.8	3.8	3.6	4.8	4.7
CRUDE OIL AND NATURAL GAS OUTLOOK											
Oil Price (\$/barrel) Gross Sales Value	\$80.00	\$91.80	\$75.00	\$134.00	\$75.00	\$125.00	\$75.00	\$118.00	\$75.00	\$116.00	\$114.00
Taxable Oil Sales (million barrels)	58.0	60.3	57.0	61.5	55.9	62.1	54.9	62.1	53.9	62.1	60.9
Gas Price (\$ per thousand cubic feet) Gross Value	\$6.40	\$8.20	\$6.60	\$11.50	\$6.57	\$9.50	\$6.50	\$8.70	\$6.35	\$8.60	\$8.50
Taxable Gas Sales (billion cubic feet)	1,463	1,452	1,434	1,394	1,405	1,338	1,377	1,298	1,349	1,259	1,221

*CPI is all-Urban consumers.

**Overnight Yield = Federal Funds Rate

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

Sources: July 2008 economic indicators based on July Global Insight (national), May 2008 FOR-UNM (state), oil and gas prices on June PIRA, NYMEX and July Global Insight..

APPENDIX TABLE 2: CONSENSUS REVENUE FORECAST

July 2008

(dollars in millions) (1)

	FY 2008				FY 2009				FY 2010			
			Chng from	% Chng			Chng from	% Chng			Chng from	% Chng
	Dec. 07	July 08	Previous	From	Dec. 07	July 08	Previous	From	Dec. 07	July 08	Previous	From
	Estimate	Estimate	Estimate	FY07	Estimate	Estimate	Estimate	FY08	Estimate	Estimate	Estimate	FY09
Gross Receipts	1,910.0	1,861.0	-49.0	1.1%	1,974.0	1,937.3	-36.7	4.1%	2,035.2	2,014.2	-21.0	4.0%
Compensating	64.0	64.0	0.0	4.3%	66.8	65.5	-1.3	2.3%	69.6	66.8	-2.9	2.0%
Total General Sales Taxes	1,974.0	1,925.0	-49.0	1.2%	2,040.8	2,002.8	-38.0	4.0%	2,104.8	2,081.0	-23.8	3.9%
Tobacco	46.2	42.5	-3.7	-9.1%	46.2	46.2	0.0	8.7%	46.2	46.2	0.0	0.0%
Alcohol	25.8	25.6	-0.2	-4.2%	26.1	26.1	0.0	2.0%	26.3	26.6	0.4	2.0%
Insurance	105.7	103.0	-2.7	-4.7%	108.5	102.7	-5.8	-0.3%	116.6	107.4	-9.2	4.6%
Fire Protection Fund	19.1	19.1	0.0	-3.9%	18.4	18.0	-0.4	-6.0%	17.5	16.4	-1.1	-9.2%
Motor Vehicle Excise	136.0	130.0	-6.0	-1.0%	141.8	133.0	-8.8	2.3%	147.9	137.0	-10.9	3.0%
Gaming tax	68.3	67.4	-0.9	-4.9%	71.6	66.8	-4.9	-0.9%	73.4	75.3	2.0	12.8%
Leased Vehicle Surcharge	4.7	6.6	1.9	9.3%	4.7	5.5	0.9	-16.1%	4.7	5.9	1.1	5.8%
Other (2)	2.0	2.7	0.7	-11.7%	2.1	2.8	0.7	2.5%	2.1	2.8	0.7	2.2%
Total Selective Sales Taxes	407.8	396.9	-10.8	-4.0%	419.4	401.1	-18.3	1.0%	434.7	417.6	-17.1	4.1%
Personal Income	1,147.8	1,120.0	-27.8	-5.1%	1,174.4	1,140.0	-34.3	1.8%	1,245.2	1,193.0	-52.2	4.6%
Corporate & Franchise Income	440.0	411.0	-29.0	-10.6%	451.0	399.0	-52.0	-2.9%	451.0	411.0	-40.0	3.0%
Estate	0.0	0.0	0.0	-100.0%	0.0	0.0	0.0		0.0	0.0	0.0	
Total Income Taxes	1,587.8	1,531.0	-56.8	-6.7%	1,625.3	1,539.0	-86.3	0.5%	1,696.2	1,604.0	-92.2	4.2%
Oil & Gas School Tax	427.9	542.6	114.7	29.1%	420.7	733.7	313.0	35.2%	409.4	617.5	208.1	-15.8%
Oil Conservation Tax	19.7	27.2	7.5	36.4%	19.3	35.7	16.4	31.3%	18.8	30.4	11.7	-14.7%
Resources Excise	13.2	10.1	-3.1	-6.2%	13.2	10.1	-3.1	0.0%	13.2	10.1	-3.1	0.0%
Natural Gas Processors	35.3	36.5	1.1	2.3%	32.2	37.9	5.8	3.9%	31.7	47.0	15.3	23.9%
Total Mineral Production Taxes	496.2	616.4	120.2	26.7%	485.4	817.4	332.1	32.6%	473.1	705.0	232.0	-13.8%
Total License Fees	49.7	51.06	1.3	4.3%	52.0	52.6	0.5	3.0%	54.5	54.2	-0.3	3.0%
Land Grant Permanent Fund	390.7	390.7	0.0	7.1%	433.8	433.7	-0.1	11.0%	472.8	464.2	-8.6	7.0%
Earnings on State Balances	79.0	54.9	-24.1	-17.4%	70.0	27.0	-43.0	-50.8%	65.0	39.0	-26.0	44.4%
Severance Tax Permanent Fund	177.2	177.2	0.0	3.6%	191.6	191.3	-0.3	8.0%	203.5	199.4	-4.1	4.2%
Total Investment Income	646.8	622.8	-24.1	3.4%	695.4	652.0	-43.4	4.7%	741.2	702.6	-38.6	7.8%
Federal Mineral Leasing	553.7	562.9	9.2	12.3%	535.6	747.4	211.8	32.8%	525.5	619.6	94.1	-17.1%
State Land Office	47.3	45.0	-2.3	-10.7%	46.3	83.0	36.7	84.4%	45.3	74.0	28.7	-10.8%
Total Rents, Royalties	601.0	607.9	6.9	10.2%	581.9	830.4	248.6	36.6%	570.7	693.6	122.8	-16.5%
Total Miscellaneous Receipts	35.4	39.8	4.4	7.5%	35.7	35.7	0.0	-10.2%	36.1	36.1	0.0	0.9%
Tribal Revenue Sharing	64.5	67.0	2.5	19.3%	69.2	73.0	3.8	9.0%	72.7	82.7	10.1	13.3%
Tobacco Settlement Revenue												
Reversions	39.1	38.8	-0.3	5.2%	40.3	40.3	0.0	4.1%	42.2	42.2	0.0	4.7%
Total Recurring Revenue	5,902.3	5,896.6	-5.7	2.1%	6,045.5	6,444.4	398.9	9.3%	6,226.1	6,418.9	192.8	-0.4%
Adjustments & Non-Recurring	47.0	47.1	0.1			0.0	0.0	-100.0%	5.0		-5.0	
Grand Total Revenue	5,949.3	5,943.7	-5.5	2.9%	6,045.5	6,444.4	398.9	8.4%	6,231.1	6,418.9	187.8	-0.4%
Oil and gas share of General Fund	19.2%	21.4%			17.4%	25.4%			16.6%	21.6%		

(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 3% administrative fee.

APPENDIX TABLE 2: CONSENSUS REVENUE FORECAST

July 2008

(dollars in millions) (1)

	FY 2011				FY 2012				FY 2013	
	Dec. 07		Chng from	% Chng	Dec. 07		Chng from	% Chng		% Chng
	Adj. for	Jul 08	Previous	From	Adj. for	Jul 08	Previous	From	Jul 08	From
	Leg.	Estimate	Estimate	FY10	Leg.	Estimate	Estimate	FY11	Estimate	FY11
Gross Receipts	2,102.3	2,081.1	-21.2	3.3%	2,171.6	2,165.8	-5.9	4.1%	2,259.8	4.3%
Compensating	69.1	64.4	-4.7	-3.5%	75.7	67.2	-8.6	4.3%	70.1	4.3%
Total General Sales Taxes	2,171.4	2,145.5	-25.9	3.1%	2,247.4	2,233.0	-14.4	4.1%	2,329.8	4.3%
Tobacco	46.2	46.2	0.0	0.0%	46.2	46.2	0.0	0.0%	46.2	0.0%
Alcohol	26.7	27.2	0.4	2.0%	27.2	27.7	0.5	2.0%	27.7	0.0%
Insurance	123.1	112.3	-10.8	4.6%	130.1	117.5	-12.6	4.6%	123.0	4.7%
Fire Protection Fund	16.4	14.7	-1.7	-10.1%	14.7	13.1	-1.7	-11.2%	11.4	-12.6%
Motor Vehicle Excise	154.0	141.1	-12.9	3.0%	160.5	145.3	-15.2	3.0%	149.7	3.0%
Gaming tax	75.2	73.8	-1.4	-2.1%	77.0	71.5	-5.6	-3.1%	69.2	-3.1%
Leased Vehicle Surcharge	4.7	5.8	1.0	-1.9%	4.8	5.8	1.1	1.4%	5.8	0.2%
Other (2)	2.1	2.9	0.8	2.1%	2.2	2.9	0.7	0.0%	3.0	2.4%
Total Selective Sales Taxes	448.4	423.8	-24.5	1.5%	462.6	429.9	-32.7	1.4%	436.0	1.4%
Personal Income	1,287.5	1,263.0	-24.5	5.9%	1,330.0	1,341.0	11.0	6.2%	1,428.0	6.5%
Corporate & Franchise Income	447.9	427.0	-20.9	3.9%	444.8	450.0	5.2	5.4%	475.0	5.6%
Estate	0.0	0.0	0.0		0.0	0.0	0.0		0.0	
Total Income Taxes	1,735.4	1,690.0	-45.4	5.4%	1,774.8	1,791.0	16.2	6.0%	1,903.0	6.3%
Oil & Gas School Tax	400.3	561.6	161.3	-9.1%	385.0	543.6	158.5	-3.2%	522.2	-3.9%
Oil Conservation Tax	18.4	27.8	9.5	-8.5%	17.7	27.0	9.3	-3.0%	26.0	-3.7%
Resources Excise	13.2	10.1	-3.1	0.0%	13.2	10.1	-3.1	0.0%	10.1	0.0%
Natural Gas Processors	31.4	48.1	16.6	2.3%	30.6	40.4	9.8	-15.9%	37.2	-7.8%
Total Mineral Production Taxes	463.3	647.6	184.3	-8.2%	446.5	621.1	174.6	-4.1%	595.5	-4.1%
Total License Fees	57.1	57.1	0.1	5.5%	59.8	59.8	0.0	4.7%	61.6	3.0%
Land Grant Permanent Fund	513.1	495.2	-17.9	6.7%	556.4	528.2	-28.2	6.7%	563.4	6.7%
Earnings on State Balances	65.0	53.0	-12.0	35.9%	65.0	65.0	0.0	22.6%	67.0	3.1%
Severance Tax Permanent Fund	215.6	207.5	-8.1	4.1%	228.9	216.4	-12.5	4.3%	225.7	4.3%
Total Investment Income	793.7	755.7	-38.0	7.6%	850.3	809.6	-40.7	7.1%	856.1	5.7%
Federal Mineral Leasing	514.4	560.7	46.3	-9.5%	501.2	540.8	39.6	-3.5%	518.3	-4.2%
State Land Office	44.1	72.0	27.9	-2.7%	42.6	72.0	29.4	0.0%	72.0	0.0%
Total Rents, Royalties	558.5	632.7	74.2	-8.8%	543.7	612.8	69.1	-3.1%	590.3	-3.7%
Total Miscellaneous Receipts	36.4	36.4	0.0	1.0%	36.9	36.8	-0.1	1.2%	36.8	0.0%
Tribal Revenue Sharing	76.3	94.1	17.8	13.8%	80.2	98.9	18.7	5.0%	103.8	5.0%
Tobacco Settlement Revenue										
Reversions	41.3	41.3	0.0	-2.2%	45.0	45.0	0.0	8.9%	46.3	3.0%
Total Recurring Revenue	6,381.7	6,524.2	142.5	1.6%	6,547.1	6,737.8	190.7	3.3%	6,959.2	3.3%
Adjustments & Non-Recurring	0.0	0.0	0.0	#DIV/0!	0.0	0.0	0.0		0.0	
Grand Total Revenue	6,381.7	6,524.2	142.5	1.6%	6,547.1	6,737.8	190.7	3.3%	6,959.2	3.3%