

**Date: January 27, 2016**

**Memo to: Chairman Larry A. Larrañaga, House Appropriations and Finance Committee and Chairman John Arthur Smith, Senate Finance Committee**

**From: Demesia Padilla, CPA Cabinet Secretary, NM Taxation and Revenue Department and Elisa Walker-Moran, Chief Economist, Hector Dorbecker, Efrain Ibarra, James Kaminski, Economists**

**Subject: General Fund Consensus Revenue Estimate**

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**Summary**

In keeping with a time-proven tradition, the Consensus Revenue Estimating Group (CREG) - professional economists at the Taxation and Revenue Department (TRD), the Department of Finance and Administration (DFA), Department of Transportation (DOT), and the Legislative Finance Committee (LFC) - worked together to produce the consensus revenue estimate.

Table 1 provides a summary of the January 2016 revisions to previously estimated revenues contained in the most recent consensus forecast, which was released in December of 2015. Table 2 summarizes the estimated revenues of the major sectors. Table 3 identifies the revisions by the major sectors. For more detail see Appendix 1.

**Table 1**  
**January 2016 Consensus General Fund Recurring Revenue Outlook**

	(Millions of Dollars)					
	<b><u>FY15</u></b>	<b><u>FY16</u></b>	<b><u>FY17</u></b>	<b><u>FY18</u></b>	<b><u>FY19</u></b>	<b><u>FY20</u></b>
December 2015 Estimate	\$6,195	\$6,165	\$6,466	\$6,795	\$7,097	\$7,395
January 2016 Revisions	\$0	-\$145	-\$202	-\$183	-\$196	-\$181
<b>January 2016 Consensus</b>	<b>\$6,195</b>	<b>\$6,020</b>	<b>\$6,265</b>	<b>\$6,612</b>	<b>\$6,902</b>	<b>\$7,215</b>
Annual Change	\$155	-\$174	\$244	\$348	\$289	\$313
Annual Percent Change	2.6%	-2.8%	4.1%	5.6%	4.4%	4.5%

“New money” – FY17 recurring revenue less FY16 recurring appropriations – is estimated at \$30 million, equivalent to about 0.5 percent of FY16 recurring appropriations. The revenue outlook is weak, due mainly to declining oil prices and natural gas prices.

Revenue decreases in FY16 of \$145 million are partly due to weakness in gross receipts taxes, severance taxes, and federal mineral leasing (FML). After these revisions, general fund revenues are expected to decline by 2.8 percent, while FY17 is expected to grow by 4.1 percent and FY18 by 5.6 percent.

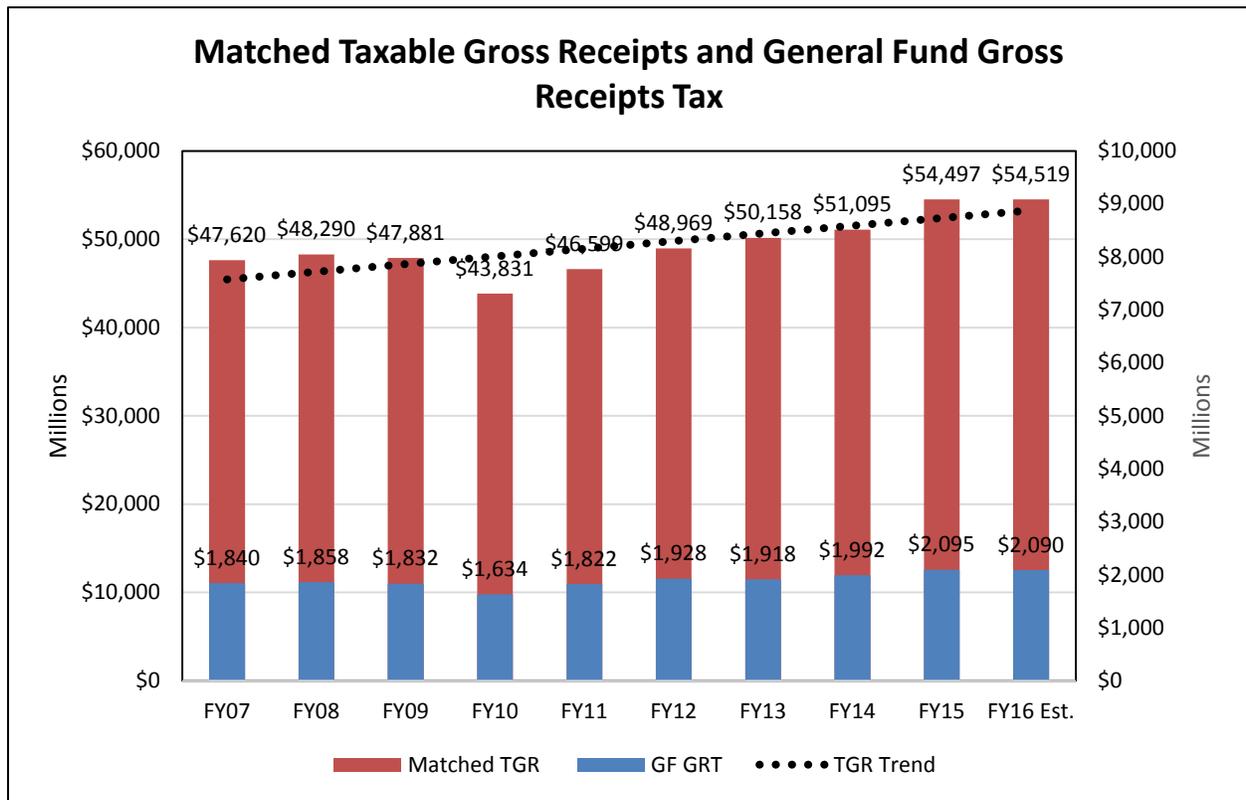
Gross receipts taxes, compensating taxes, severance taxes, FML, and earnings on state balances were revised downward. Corporate income tax and state land office revenues were revised up minimally while all other revenues remain unchanged.

### Gross Receipts Taxes

GRT was revised down from the December forecast predominantly because of weakness in Lea and Eddy counties in the first five months of FY16. The forecasters expect the rest of the state to continue it slow but positive growth. Overall growth in FY15 was 5.2 percent but is expected to decline slightly in FY16 before continuing to grow in FY17 through FY20.

Figure 1 shows TGR has grown in a consistent pattern, very similar to the long term trend with the exception of the recession period (2008 through 2011). Figure 1 also shows matched Gross Receipts Tax (GRT) between FY07 and estimated FY16.

Figure 1: TGR and General Fund GRT



### Compensating Taxes

Compensating taxes were revised down in FY16 due to the continuing weakness in the first 5 months of FY16 from the oil industry.

## **Personal Income Taxes**

The consensus group made no changes to PIT as revenues continue to track as previously forecasted. Personal income tax revenues grew 6.8 percent in FY15 and are expected to grow by 4.6 percent in FY16. Personal income tax is expected to continuously grow after FY16. The steady growth is attributed to strengthening wages and salaries motivated by strong employment levels.

## **Corporate Income Taxes**

In December CIT collections were revised downward to reflect weaker oil and gas expectations, higher reported net operating losses and lower corporate profit expectations. In this forecast, FY16 and FY17 were modestly adjusted to reflect increased taxpayer compliance due to TRD audit efforts.

## **Severance Taxes**

The weaker severance tax forecast revision largely relates to higher year-over-year oil production volumes, but weaker oil prices. This provides a sustainable base-level of production through the forecast period, while revenues from natural gas production and prices continue to decline.

Figure 2 illustrates the historical and forecasted oil prices and volumes showing declines in oil prices do not necessarily lead to declines in production.

## **Natural Resource Extractive Sectors**

Oil exploration and production continue to show considerable strength. However, New Mexico oil prices have been lower than previously expected. New Mexico crude oil price has been estimated at \$37 in FY16, \$7.00 lower than the December 2015 forecast. The forecasters now expect New Mexico oil prices to average \$38 in FY17 and \$45 in FY18, showing a \$11 decrease for FY17 and a \$11 decrease for FY18 from the December 2015 forecast.

Crude oil production in New Mexico has been estimated to increase 6.1% in FY16, reaching 150 million barrels. The CREG also expects production to increase gradually over the next few years. A 3.3% increase is estimated in FY2017, and 1.9% in FY2018.

Natural gas prices in New Mexico have been estimated at \$2.55 in FY16. The consensus group now expects New Mexico gas prices to average \$2.90 in FY17 and \$3.20 in FY18, showing a \$0.30 decrease in FY17 and \$0.20 decrease in FY18 from the December 2015 forecast.

For the first time in a decade, NM natural gas production increased 0.89% in FY14. The CREG is expecting total production to be 1,200 billion cubic feet in FY16 and 1,170 billion cubic feet in FY17. Figure 3 shows the history and forecasted natural gas prices and volumes.

Figure 2: Oil Prices and Volumes

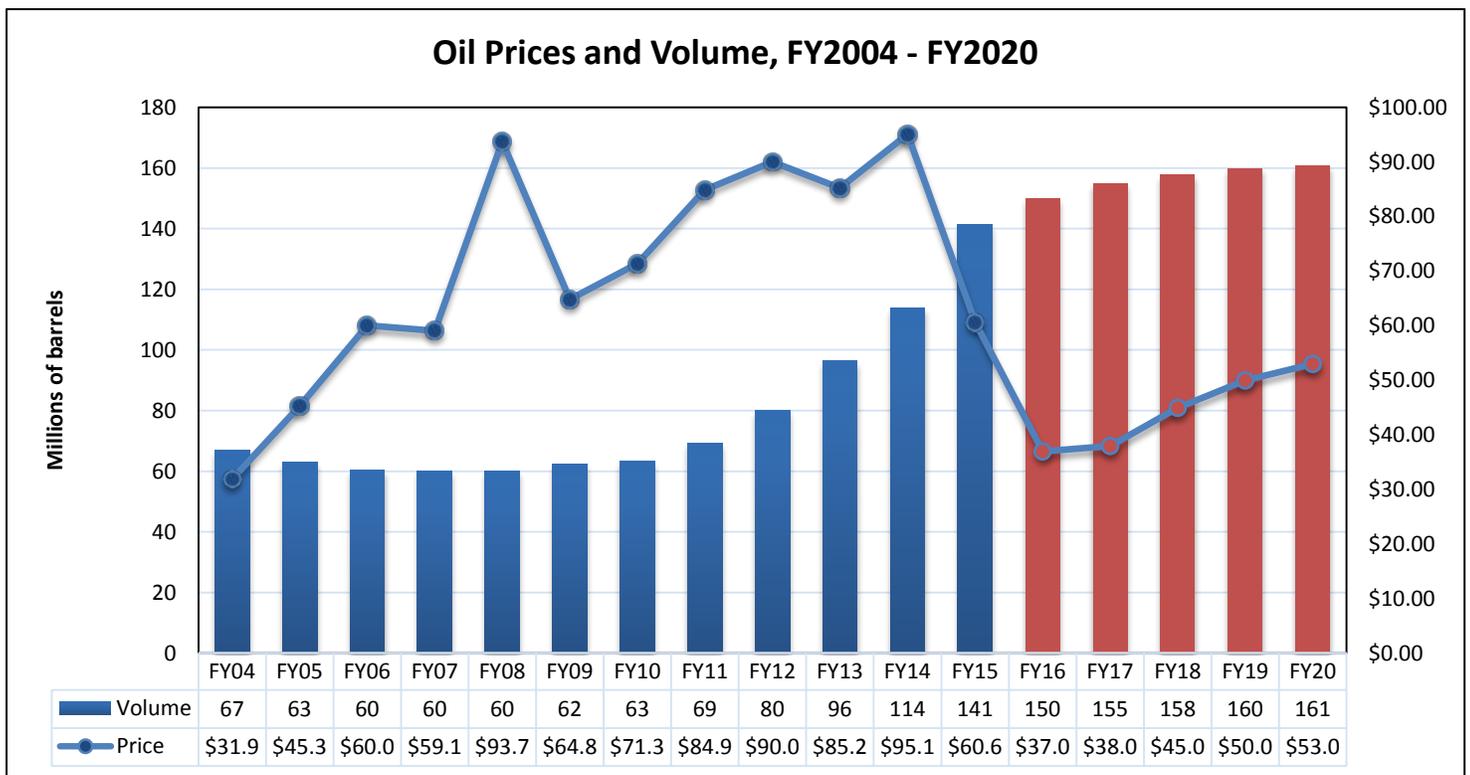


Figure 3: Natural Gas Prices and Volumes

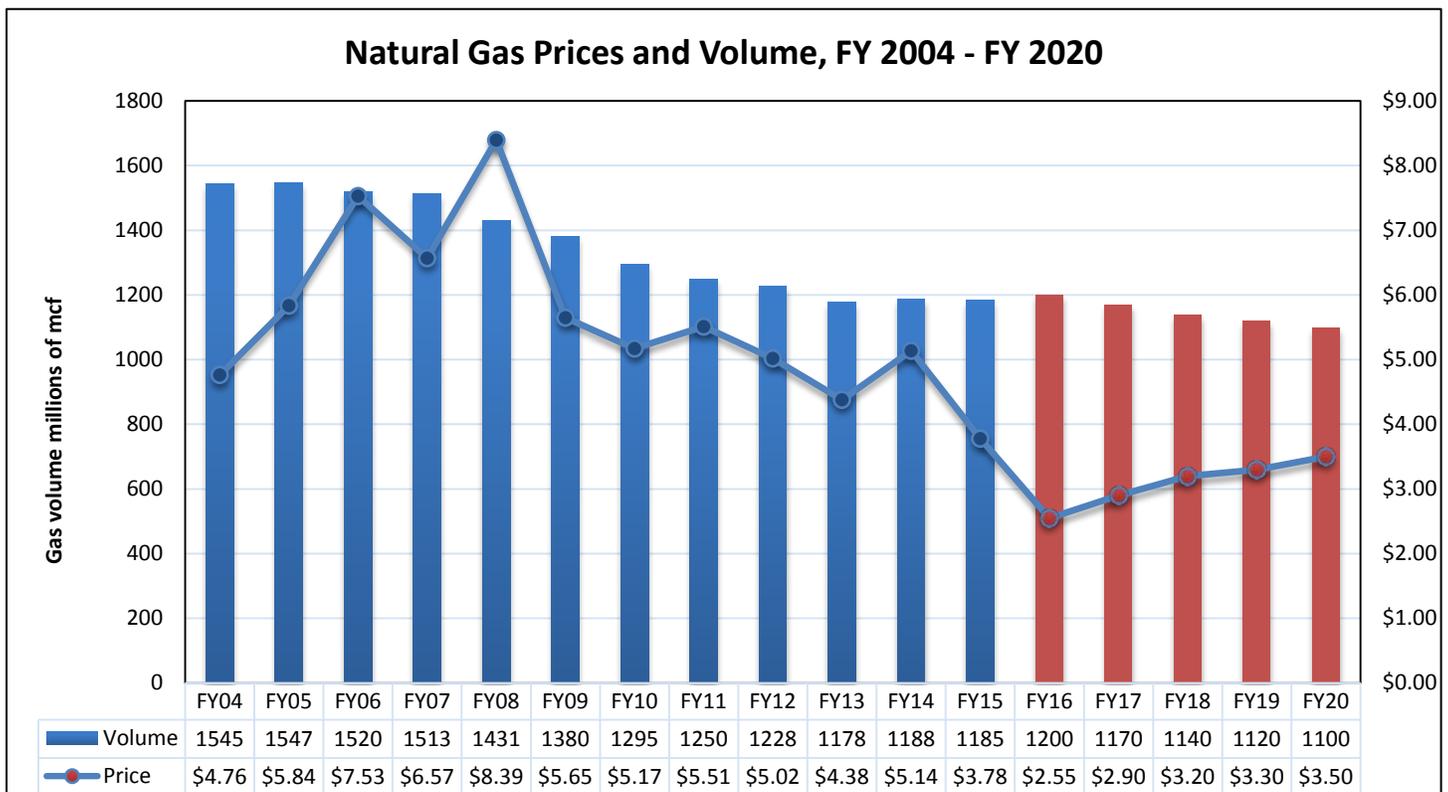
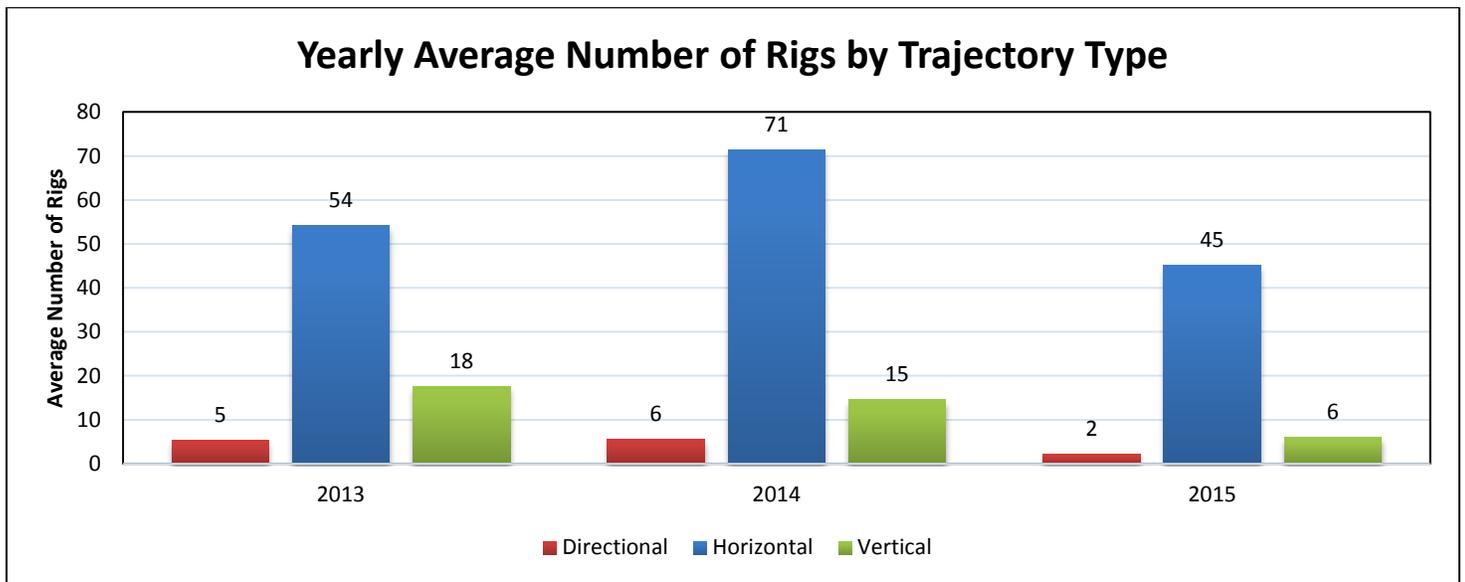


Figure 4 serves to illustrate the types of wells active in NM over the last three years. The vast majority active are horizontal wells, which are believed to be more productive due to advancements in technology. The number of active wells has decreased, especially since oil prices began to decline in the summer of 2014. The decline in the number of active wells has not had a strong effect on oil or natural gas production; natural gas production has remained stable, while oil production increased between FY14 and FY15. The effects of fewer active rigs may be offset by increases in technology used to extract the fuels primarily in horizontal wells.

Figure 4: Average Number of Drilling Rigs by Type



### Looking Forward

According to New Mexico Department of Workforce Solutions, New Mexico’s seasonally adjusted unemployment rate was 6.7 percent in December 2015, down from 6.8 percent in November, but up from 6.0 percent a year ago. The national unemployment rate was 5.0 percent for the third month in a row, down from 5.6 percent a year ago.

The rate of over-the-year job growth for New Mexico nonfarm payroll employment, comparing December 2015 with December 2014, was 0.3 percent, representing an increase of 2,600 jobs. This represents the fortieth consecutive month of over-the-year growth. Five industries added jobs (Leisure and hospitality, education and health services, professional and business services, financial activities and government) and eight posted losses (mining, construction industry, transportation, warehousing, and utilities, retail, manufacturing, wholesale trade, and miscellaneous other services).

According to the UNM’s Bureau of Business and Economic Research (BBER), New Mexico non-agricultural employment grew 1.2 percent in FY15 and is expected to slow to 0.6 percent in FY16 and 1.1 percent in FY17. Personal income growth was 5.5 percent in FY15 and is expected to grow to 3.2 percent in FY16 and 4.0 percent in

FY17. Private wages and salaries grew at 4.3 percent in FY15 and are expected to grow 2.9 percent in FY16 and 4.2 percent in FY17. Total wages and salaries grew 3.8 percent in FY15 and are expected to grow 2.6 percent in FY16 and 3.7 percent in FY17.

According to a report from the U.S. Department of Labor on the employment climate released in December 2015, total national nonfarm payroll employment increased by 292,000 in December. For the third month in a row, the unemployment rate was unchanged at 5.0 percent. National job gains occurred in professional and business services, construction, health care, and food services and drinking places. Mining continued to lose jobs. The number of unemployed persons, at 7.9 million, was essentially unchanged.

The New Mexico economy remains in a pattern of slow but stable growth (see Appendix 2). Nationally, GDP forecasts were revised slightly down in FY16. Overall GDP grew 2.7 percent in FY15 and is expected to grow 2.3 percent in F Y16, and 3.1 percent in FY17. Annual growth results from positive increases real consumer spending, new home sales, housing starts, and some segments of fixed investment. Income and employment growth is strong and household spending on gasoline and interest is low, allowing room for spending on other goods and services.

Inflation grew 0.3 percent in FY15 and is expected to grow 0.8 percent in FY16 and 2.9 percent in FY17. Overall, the consumer confidence outlook remains positive. Continuing strong auto sales, increasing household real estate wealth and modest consumer price inflation account for much of the strength in spending.

**General Fund Consensus Revenue Estimate January 2016**

**Appendix 1**

	FY15					FY16					FY17				
	Dec 2015 Est.	Pre-liminary Actual	Change from Prior	% Change from FY14	\$ Change from FY14	Dec 2015 Est.	Jan 2016 Est.	Change from Prior	% Change from FY15	\$ Change from FY15	Dec 2015 Est.	Jan 2016 Est.	Change from Prior	% Change from FY16	\$ Change from FY16
Gross Receipts Tax	2,095.2	2,095.2	-	5.2%	103.1	2,178.0	2,090.0	(88.0)	-0.2%	(5.2)	2,336.7	2,216.0	(120.7)	6.0%	126.0
Compensating Tax	71.8	71.8	-	-8.3%	(6.5)	65.5	54.4	(11.1)	-24.3%	(17.4)	65.4	64.1	(1.3)	17.8%	9.7
<b>TOTAL GENERAL SALES</b>	<b>2,167.0</b>	<b>2,167.0</b>	<b>-</b>	<b>4.7%</b>	<b>96.6</b>	<b>2,243.5</b>	<b>2,144.4</b>	<b>(99.1)</b>	<b>-1.0%</b>	<b>(22.6)</b>	<b>2,402.1</b>	<b>2,280.1</b>	<b>(122.0)</b>	<b>6.3%</b>	<b>135.7</b>
Tobacco Taxes	82.3	82.3	-	4.9%	3.9	82.4	82.4	-	0.1%	0.1	81.4	81.4	-	-1.2%	(1.0)
Liquor Excise	26.3	26.3	-	-0.4%	(0.1)	6.7	6.7	-	-74.5%	(19.6)	6.9	6.9	-	3.0%	0.2
Insurance Taxes	149.9	149.9	-	30.2%	34.8	188.0	188.0	-	25.5%	38.1	219.1	219.1	-	16.5%	31.1
Fire Protection Fund Reversion	15.2	15.2	-	-5.8%	(0.9)	13.7	13.7	-	-9.6%	(1.5)	12.4	12.4	-	-9.5%	(1.3)
Motor Vehicle Excise	138.7	138.7	-	4.1%	5.4	147.0	151.0	4.0	8.9%	12.3	152.0	152.0	-	0.7%	1.0
Gaming Excise	70.4	70.4	-	6.0%	4.0	70.1	70.1	-	-0.4%	(0.3)	70.1	70.1	-	0.0%	-
Leased Vehicle Surcharge	5.2	5.2	-	0.6%	0.0	5.2	5.2	-	-0.7%	(0.0)	5.2	5.2	-	0.0%	-
Other	0.5	0.5	-	-83.5%	(2.5)	3.2	3.2	-	564.7%	2.7	2.1	2.1	-	-35.8%	(1.2)
<b>TOTAL SELECTIVE SALES</b>	<b>488.5</b>	<b>488.5</b>	<b>-</b>	<b>10.0%</b>	<b>44.6</b>	<b>516.3</b>	<b>520.3</b>	<b>4.0</b>	<b>6.5%</b>	<b>31.9</b>	<b>549.2</b>	<b>549.2</b>	<b>-</b>	<b>5.5%</b>	<b>28.8</b>
Personal Income Tax	1,339.7	1,339.7	-	6.8%	84.8	1,401.0	1,401.0	-	4.6%	61.3	1,455.0	1,455.0	-	3.9%	54.0
Corporate Income Tax	254.5	254.5	-	29.3%	57.7	218.0	223.0	5.0	-12.4%	(31.5)	217.0	220.0	3.0	-1.3%	(3.0)
<b>TOTAL INCOME TAXES</b>	<b>1,594.2</b>	<b>1,594.2</b>	<b>-</b>	<b>9.8%</b>	<b>142.5</b>	<b>1,619.0</b>	<b>1,624.0</b>	<b>5.0</b>	<b>1.9%</b>	<b>29.8</b>	<b>1,672.0</b>	<b>1,675.0</b>	<b>3.0</b>	<b>3.1%</b>	<b>51.0</b>
Oil and Gas School Tax	375.4	375.4	-	-25.0%	(125.2)	283.7	248.5	(35.2)	-33.8%	(126.9)	315.3	268.0	(47.3)	7.8%	19.5
Oil Conservation Tax	20.1	20.1	-	-26.3%	(7.2)	15.1	13.3	(1.8)	-33.8%	(6.8)	16.7	14.2	(2.5)	6.8%	0.9
Resources Excise Tax	13.3	13.3	-	2.5%	0.3	13.0	13.0	-	-2.6%	(0.3)	13.0	13.0	-	0.0%	-
Natural Gas Processors Tax	18.6	18.6	-	14.8%	2.4	19.7	19.7	-	5.9%	1.1	15.0	12.8	(2.2)	-35.0%	(6.9)
<b>TOTAL SEVERANCE TAXES</b>	<b>427.5</b>	<b>427.5</b>	<b>-</b>	<b>-23.3%</b>	<b>(129.7)</b>	<b>331.5</b>	<b>294.5</b>	<b>(37.0)</b>	<b>-31.1%</b>	<b>(133.0)</b>	<b>360.0</b>	<b>308.0</b>	<b>(52.0)</b>	<b>4.6%</b>	<b>13.5</b>
LICENSE FEES	55.9	55.9	-	8.1%	4.2	54.5	54.5	-	-2.5%	(1.4)	55.5	55.5	-	1.8%	1.0
LGPF Interest	502.8	502.8	-	11.9%	53.4	553.2	553.2	0.0	10.0%	50.5	548.1	538.3	(9.8)	-2.7%	(14.9)
STO Interest	17.0	17.0	-	-10.4%	(2.0)	23.4	15.0	(8.4)	-11.8%	(2.0)	52.6	46.8	(5.8)	212.0%	31.8
STPF Interest	182.7	182.7	-	7.2%	12.3	193.5	193.5	0.0	5.9%	10.8	203.4	200.4	(3.0)	3.6%	6.9
<b>TOTAL INTEREST</b>	<b>702.5</b>	<b>702.5</b>	<b>-</b>	<b>10.0%</b>	<b>63.6</b>	<b>770.1</b>	<b>761.7</b>	<b>(8.4)</b>	<b>8.4%</b>	<b>59.2</b>	<b>804.1</b>	<b>785.5</b>	<b>(18.6)</b>	<b>3.1%</b>	<b>23.8</b>
Federal Mineral Leasing	542.2	542.2	-	-4.9%	(27.7)	421.7	400.0	(21.7)	-26.2%	(142.2)	407.1	385.0	(22.1)	-3.8%	(15.0)
State Land Office	42.2	42.2	-	-11.0%	(5.2)	37.6	50.0	12.4	18.4%	7.8	41.2	51.2	10.0	2.4%	1.2
<b>TOTAL RENTS &amp; ROYALTIES</b>	<b>584.4</b>	<b>584.4</b>	<b>-</b>	<b>-5.3%</b>	<b>(32.9)</b>	<b>459.3</b>	<b>450.0</b>	<b>(9.3)</b>	<b>-23.0%</b>	<b>(134.4)</b>	<b>448.3</b>	<b>436.2</b>	<b>(12.1)</b>	<b>-3.1%</b>	<b>(13.8)</b>
TRIBAL REVENUE SHARING	67.2	67.2	-	-0.6%	(0.4)	64.3	64.3	-	-4.3%	(2.9)	65.8	65.8	-	2.3%	1.5
MISCELLANEOUS RECEIPTS	56.2	56.2	-	24.7%	11.1	56.5	56.5	-	0.6%	0.3	59.4	59.4	-	5.1%	2.9
REVERSIONS	51.5	51.5	-	-46.7%	(45.1)	50.0	50.0	-	-2.8%	(1.5)	50.0	50.0	-	0.0%	-
<b>TOTAL RECURRING</b>	<b>6,194.7</b>	<b>6,194.7</b>	<b>-</b>	<b>2.6%</b>	<b>154.6</b>	<b>6,165.0</b>	<b>6,020.2</b>	<b>(144.8)</b>	<b>-2.8%</b>	<b>(174.4)</b>	<b>6,466.3</b>	<b>6,264.6</b>	<b>(201.7)</b>	<b>4.1%</b>	<b>244.4</b>
<b>TOTAL NON-RECURRING</b>	<b>41.2</b>	<b>41.2</b>	<b>-</b>	<b>na</b>	<b>40.8</b>	<b>5.5</b>	<b>5.5</b>	<b>-</b>	<b>-86.7%</b>	<b>(35.7)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>na</b>	<b>(5.5)</b>
<b>GRAND TOTAL</b>	<b>6,235.9</b>	<b>6,235.9</b>	<b>-</b>	<b>3.2%</b>	<b>195.4</b>	<b>6,170.5</b>	<b>6,025.7</b>	<b>(144.8)</b>	<b>-3.4%</b>	<b>(210.1)</b>	<b>6,466.3</b>	<b>6,264.6</b>	<b>(201.7)</b>	<b>4.0%</b>	<b>238.9</b>

**General Fund Consensus Revenue Estimate January 2016**

**Appendix 1**

	FY18					FY19					FY20				
	Dec 2015 Est.	Jan 2016 Est.	Change from Prior	%	\$	Dec 2015 Est.	Jan 2016 Est.	Change from Prior	%	\$	Dec 2015 Est.	Jan 2016 Est.	Change from Prior	%	\$
Gross Receipts Tax	2,421.3	2,345.0	(76.3)	5.8%	129.0	2,550.0	2,460.0	(90.0)	4.9%	115.0	2,673.0	2,593.0	(80.0)	5.4%	133.0
Compensating Tax	66.4	65.1	(1.3)	1.6%	1.0	67.9	66.6	(1.3)	2.3%	1.5	67.5	66.2	(1.3)	-0.6%	(0.4)
<b>TOTAL GENERAL SALES</b>	<b>2,487.7</b>	<b>2,410.1</b>	<b>(77.6)</b>	<b>5.7%</b>	<b>130.0</b>	<b>2,617.9</b>	<b>2,526.6</b>	<b>(91.3)</b>	<b>4.8%</b>	<b>116.5</b>	<b>2,740.5</b>	<b>2,659.2</b>	<b>(81.3)</b>	<b>5.2%</b>	<b>132.6</b>
Tobacco Taxes	80.4	80.4	-	-1.2%	(1.0)	79.4	79.4	-	-1.2%	(1.0)	78.4	78.4	-	-1.3%	(1.0)
Liquor Excise	26.1	26.1	-	278.3%	19.2	28.9	28.9	-	10.7%	2.8	27.7	27.7	-	-4.2%	(1.2)
Insurance Taxes	231.8	231.8	-	5.8%	12.7	243.3	243.3	-	5.0%	11.5	255.6	255.6	-	5.1%	12.3
Fire Protection Fund Reversion	11.2	11.2	-	-9.7%	(1.2)	10.0	10.0	-	-10.7%	(1.2)	8.5	8.5	-	-15.0%	(1.5)
Motor Vehicle Excise	157.0	157.0	-	3.3%	5.0	161.0	161.0	-	2.5%	4.0	164.0	164.0	-	1.9%	3.0
Gaming Excise	70.3	70.3	-	0.3%	0.2	69.1	69.1	-	-1.7%	(1.2)	68.0	68.0	-	-1.6%	(1.1)
Leased Vehicle Surcharge	5.2	5.2	-	0.0%	-	5.2	5.2	-	0.0%	-	5.2	5.2	-	0.0%	-
Other	2.1	2.1	-	0.0%	-	2.1	2.1	-	0.0%	-	2.1	2.1	-	0.0%	-
<b>TOTAL SELECTIVE SALES</b>	<b>584.1</b>	<b>584.1</b>	<b>-</b>	<b>6.4%</b>	<b>34.9</b>	<b>599.0</b>	<b>599.0</b>	<b>-</b>	<b>2.6%</b>	<b>14.9</b>	<b>609.5</b>	<b>609.5</b>	<b>-</b>	<b>1.8%</b>	<b>10.5</b>
Personal Income Tax	1,522.0	1,522.0	-	4.6%	67.0	1,606.0	1,606.0	-	5.5%	84.0	1,683.0	1,683.0	-	4.8%	77.0
Corporate Income Tax	205.0	205.0	-	-6.8%	(15.0)	163.0	163.0	-	-20.5%	(42.0)	168.0	168.0	-	3.1%	5.0
<b>TOTAL INCOME TAXES</b>	<b>1,727.0</b>	<b>1,727.0</b>	<b>-</b>	<b>3.1%</b>	<b>52.0</b>	<b>1,769.0</b>	<b>1,769.0</b>	<b>-</b>	<b>2.4%</b>	<b>42.0</b>	<b>1,851.0</b>	<b>1,851.0</b>	<b>-</b>	<b>4.6%</b>	<b>82.0</b>
Oil and Gas School Tax	362.2	309.6	(52.6)	15.5%	41.6	378.1	335.9	(42.2)	8.5%	26.3	383.8	355.4	(28.4)	5.8%	19.5
Oil Conservation Tax	19.2	16.4	(2.8)	15.5%	2.2	20.1	17.8	(2.3)	8.5%	1.4	20.4	18.8	(1.6)	5.6%	1.0
Resources Excise Tax	13.0	13.0	-	0.0%	-	13.0	13.0	-	0.0%	-	13.0	13.0	-	0.0%	-
Natural Gas Processors Tax	14.8	10.7	(4.1)	-16.4%	(2.1)	14.5	10.5	(4.0)	-1.9%	(0.2)	14.3	10.3	(4.0)	-1.9%	(0.2)
<b>TOTAL SEVERANCE TAXES</b>	<b>409.2</b>	<b>349.7</b>	<b>(59.5)</b>	<b>13.5%</b>	<b>41.7</b>	<b>425.7</b>	<b>377.2</b>	<b>(48.5)</b>	<b>7.9%</b>	<b>27.5</b>	<b>431.5</b>	<b>397.5</b>	<b>(34.0)</b>	<b>5.4%</b>	<b>20.3</b>
LICENSE FEES	56.6	56.6	-	2.0%	1.1	57.9	57.9	-	2.3%	1.3	59.3	59.3	-	2.4%	1.4
LGPF Interest	601.9	581.3	(20.6)	8.0%	43.0	651.9	619.0	(32.9)	6.5%	37.7	693.9	646.9	(47.0)	4.5%	27.9
STO Interest	60.3	54.3	(6.0)	16.0%	7.5	67.7	60.9	(6.8)	12.2%	6.6	82.6	74.3	(8.3)	22.0%	13.4
STPF Interest	216.5	207.6	(8.9)	3.6%	7.1	227.5	209.5	(18.0)	0.9%	2.0	235.9	206.0	(29.9)	-1.7%	(3.5)
<b>TOTAL INTEREST</b>	<b>878.7</b>	<b>843.1</b>	<b>(35.6)</b>	<b>7.3%</b>	<b>57.6</b>	<b>947.1</b>	<b>889.4</b>	<b>(57.7)</b>	<b>5.5%</b>	<b>46.3</b>	<b>1,012.4</b>	<b>927.2</b>	<b>(85.2)</b>	<b>4.3%</b>	<b>37.8</b>
Federal Mineral Leasing	430.0	410.0	(20.0)	6.5%	25.0	453.0	445.0	(8.0)	8.5%	35.0	460.0	470.0	10.0	5.6%	25.0
State Land Office	43.7	53.7	10.0	4.9%	2.5	45.2	55.2	10.0	2.8%	1.5	45.7	55.7	10.0	0.9%	0.5
<b>TOTAL RENTS &amp; ROYALTIES</b>	<b>473.7</b>	<b>463.7</b>	<b>(10.0)</b>	<b>6.3%</b>	<b>27.5</b>	<b>498.2</b>	<b>500.2</b>	<b>2.0</b>	<b>7.9%</b>	<b>36.5</b>	<b>505.7</b>	<b>525.7</b>	<b>20.0</b>	<b>5.1%</b>	<b>25.5</b>
TRIBAL REVENUE SHARING	67.8	67.8	-	3.0%	2.0	71.0	71.0	-	4.7%	3.2	73.1	73.1	-	3.0%	2.1
MISCELLANEOUS RECEIPTS	60.3	60.3	-	1.7%	1.0	61.3	61.3	-	1.5%	0.9	62.3	62.3	-	1.7%	1.0
REVERSIONS	50.0	50.0	-	0.0%	-	50.0	50.0	-	0.0%	-	50.0	50.0	-	0.0%	-
<b>TOTAL RECURRING</b>	<b>6,795.1</b>	<b>6,612.4</b>	<b>(182.7)</b>	<b>5.6%</b>	<b>347.8</b>	<b>7,097.0</b>	<b>6,901.5</b>	<b>(195.5)</b>	<b>4.4%</b>	<b>289.1</b>	<b>7,395.3</b>	<b>7,214.8</b>	<b>(180.5)</b>	<b>4.5%</b>	<b>313.2</b>
<b>TOTAL NON-RECURRING</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>na</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>na</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>na</b>	<b>-</b>
<b>GRAND TOTAL</b>	<b>6,795.1</b>	<b>6,612.4</b>	<b>(182.7)</b>	<b>5.6%</b>	<b>347.8</b>	<b>7,097.0</b>	<b>6,901.5</b>	<b>(195.5)</b>	<b>4.4%</b>	<b>289.1</b>	<b>7,395.3</b>	<b>7,214.8</b>	<b>(180.5)</b>	<b>4.5%</b>	<b>313.2</b>

## U.S. and New Mexico Economic Indicators

## Appendix 2

		FY15	FY16		FY17		FY18		FY19		FY20	
		Actuals	Dec15	Jan16								
			Forecast									
<b>National Economic Indicators</b>												
GI	US Real GDP Growth (annual avg., % YOY)*	2.7	2.6	2.3	2.9	3.1	2.6	2.7	2.6	2.6	2.6	2.6
Moody's	US Real GDP Growth (annual avg., % YOY)*	2.7	2.5	2.4	3.1	3.0	2.9	2.7	2.4	2.3	1.8	1.9
GI	US Inflation Rate (CPI-U, annual avg., % YOY)**	0.3	0.5	0.8	2.3	2.9	2.6	2.5	2.3	2.3	2.4	2.4
Moody's	US Inflation Rate (CPI-U, annual avg., % YOY)**	0.7	1.1	0.9	2.4	2.4	2.9	3.0	3.0	2.9	2.6	2.6
GI	Federal Funds Rate (%)	0.11	0.39	0.39	1.41	1.41	2.41	2.41	3.20	3.50	3.25	3.50
Moody's	Federal Funds Rate (%)	0.11	0.33	0.33	1.25	1.25	3.10	3.10	3.82	3.82	3.64	3.64
<b>New Mexico Labor Market and Income Data</b>												
BBER	NM Non-Agricultural Employment Growth	1.2	0.9	0.6	1.4	1.1	1.5	1.4	1.5	1.5	1.3	1.4
Moody's	NM Non-Agricultural Employment Growth	1.4	0.9	0.9	2.2	2.2	2.1	1.8	1.7	1.6	0.9	0.9
BBER	NM Nominal Personal Income Growth (%)***	5.5	4.1	3.2	4.8	4.0	5.4	5.1	5.2	5.0	5.1	4.9
Moody's	NM Nominal Personal Income Growth (%)***	5.1	2.9	3.6	2.7	2.7	3.8	3.4	4.4	4.1	4.1	3.9
BBER	NM Total Wages & Salaries Growth (%)	3.8	3.0	2.6	4.5	3.7	4.7	4.3	4.7	4.4	4.6	4.2
Moody's	NM Total Wages & Salaries Growth (%)	3.8	0.8	2.3	3.5	3.4	4.1	3.8	5.0	4.6	4.1	3.9
BBER	NM Private Wages & Salaries Growth (%)	4.3	3.3	2.9	5.2	4.2	5.2	5.0	5.2	5.0	5.1	4.8
BBER	NM Real Gross State Product (% YOY)	2.1	1.8	1.8	2.8	2.5	2.7	2.6	2.6	2.5	2.4	2.3
Moody's	NM Real Gross State Product (% YOY)	1.7	1.7	1.6	2.7	2.5	2.2	2.0	2.1	2.0	1.8	1.9
CREG	NM Oil Price (\$/barrel)	\$60.67	\$44.00	\$37.00	\$49.00	\$38.00	\$56.00	\$45.00	\$59.00	\$50.00	\$60.00	\$53.00
CREG	NM Taxable Oil Volumes (million barrels)	141.4	150.0	150.0	155.0	155.0	158.0	158.0	160.0	160.0	161.0	161.0
	NM Taxable Oil Volumes (%YOY growth)	24.7%	6.1%	6.1%	3.3%	3.3%	1.9%	1.9%	1.3%	1.3%	0.6%	0.6%
CREG	NM Gas Price (\$ per thousand cubic feet)****	\$3.78	\$2.90	\$2.55	\$3.20	\$2.90	\$3.40	\$3.20	\$3.45	\$3.30	\$3.50	\$3.50
CREG	NM Taxable Gas Volumes (billion cubic feet)	1,185	1,200	1,200	1,170	1,170	1,140	1,140	1,120	1,120	1,100	1,100
	NM Taxable Gas Volumes (%YOY growth)	-0.2%	1.3%	1.3%	-2.5%	-2.5%	-2.6%	-2.6%	-1.8%	-1.8%	-1.8%	-1.8%

### LFC, TRD Notes

\* Real GDP is BEA chained 2009 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

Sources: BBER - January 2016 FOR-UNM baseline. Global Insight - January 2016 baseline.

### DFA Notes

\*\*\*\*The gas prices are estimated using a formula of NYMEX, EIA, Moody's Analytics (June 2015), and IHS Global Insight futures and forecast prices as well as a premium for natural gas liquids based on the oil price forecast.

Source: Moody's Analytics baseline forecast, January 2016.