

# Consensus General Fund Revenue Outlook

Presentation to:  
Legislative Finance Committee  
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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
- Gross Receipt Tax (GRT)
- Personal Income Tax (PIT)
- 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**  
**Pedro Clavijo, Senior Economist**  
**Sara Grubbs, Senior Economist**

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

**Michael Morrison, Chief Economist**  
**Kwaku Boakye, Senior Economist**  
**Jisub Seong, Senior Economist**

### **Legislative Finance Committee**

**Ismael Torres, Chief Economist**  
**Jennifer Faubion, Economist**  
**Brendon Gray, Economist**

# U.S. & N.M. Baseline Forecasts

## ➤ **Moody's Analytics (October 2024 Baseline)**

- The Federal Reserve lowered the policy rate by 25 basis points in November, with another 25 basis point cut expected in December
- Inflation is anticipated to approach the Federal Reserve's target inflation rate of 2% by early 2025
- National Real Gross Domestic Product (Real GDP) is anticipated to be stronger in the near term due to lower interest rates
- Real GDP is projected to increase by 2.7% in 2024 and growth will moderate to 2.3% in 2025 and 2.1% in 2026
- **Moody's expects national economic growth to be below-trend in the near term in response to fiscal tightening and high interest rates followed by a return to trend by 2026**

## ➤ **S&P Global (Oct 2024 forecast)**

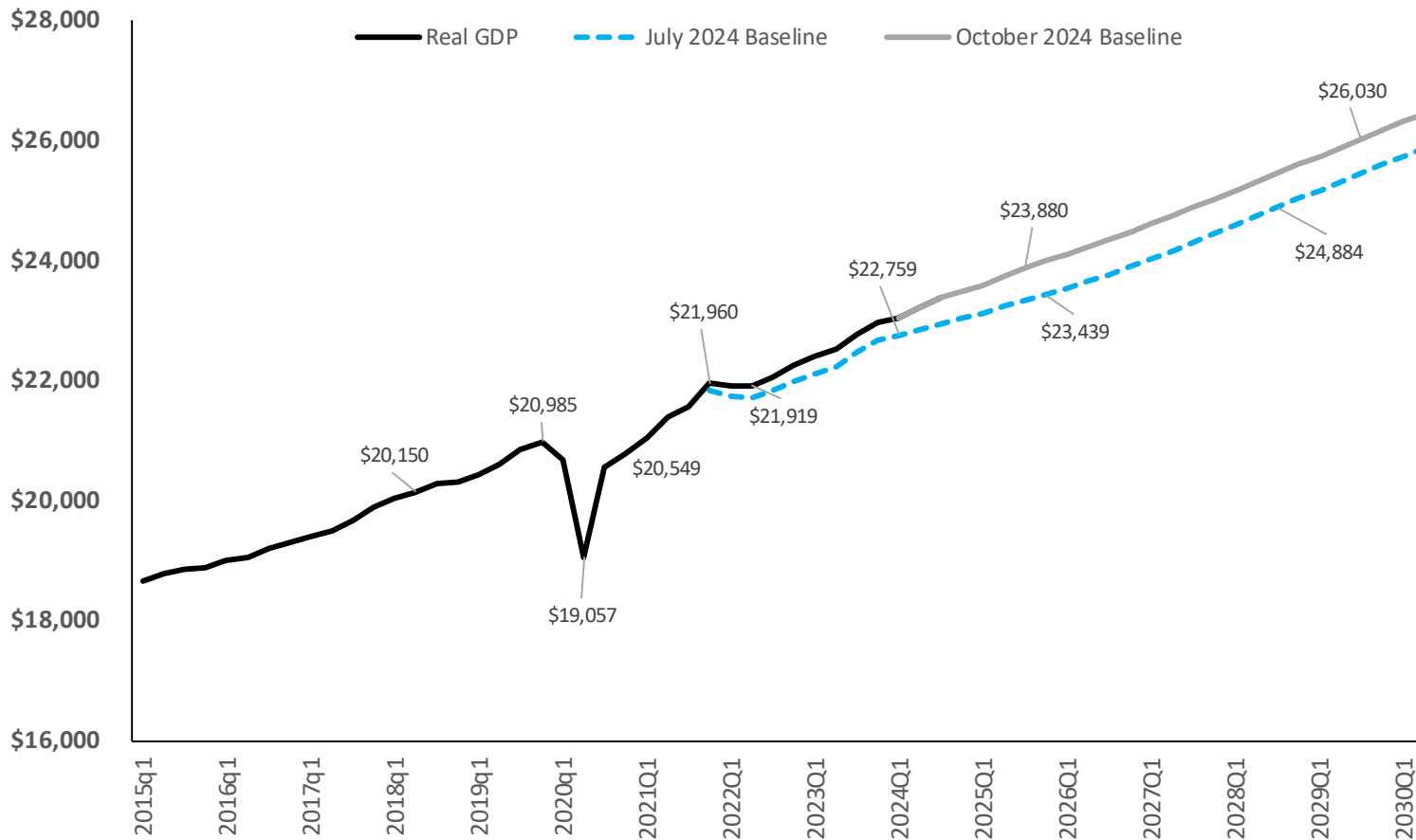
- Assumes Federal Reserve will have two more rate cuts of 25 basis points before the end of 2024
- Inflation rate to reach Federal Reserve target in 2025
- National GDP growth outlook for 2024 has improved from 2.4% in July 2024 to 2.7% in the new baseline forecast. Expectations for GDP growth for 2025 improved from 1.6% in July to 2.1%.
  - Growth in 2026 through 2028, continued expectation of below 2.0%, at 1.7% to 1.8%
- Lowered national unemployment rate peak in 2027 to 4.6% from 4.8%
- **S&P's forecasted slowdown of national GDP growth less pronounced than most recent forecasts**

➤ **UNM BBER Quarterly Forecast (Oct 2024)** New Mexico forecast for statewide indicators in FY2024 and FY2025 slightly stronger than the July forecast but maintains muted employment growth in the out years, lowering expected growth from 0.3% to 0.2%

➤ **Note:** baseline forecasts do not incorporate risks of changing federal policy – to be discussed in Forecast Risks

# U.S. Real Gross Domestic Product (RGDP)

U.S. Real Gross Domestic Product: 2015Q1 to 2024Q3; Forecast 2024Q4 to 2030Q2  
(billions of chained 2017 dollars)

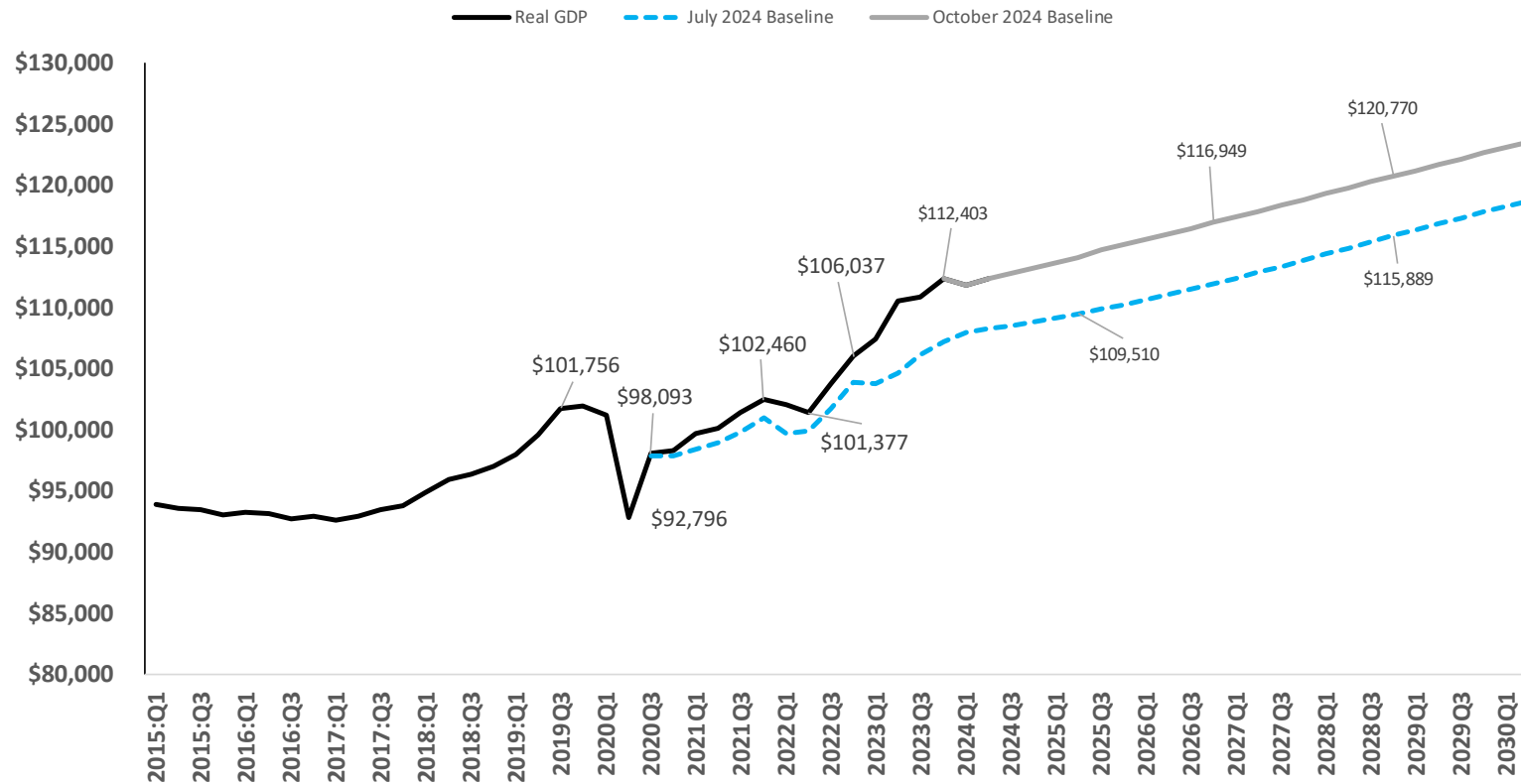


Source: GDP in billions of chained 2017 dollars, retrieved from bea.gov.

- Recent actuals have exceeded the July 2024 baseline estimate for US RGDP
- The October 2024 baseline reflects the recent RGDP revisions that incorporate new and revised source data
- The RGDP forecast improved slightly over the July 2024 baseline estimate
- RGDP increased by 2.8% in CY 2024 Q3 due to increases in:
  - Consumer spending
  - Exports
  - Federal government spending
  - Nonresidential fixed investments
- The forecasted growth for RGDP in CY25 is estimated to be 2.2% and 2.0% in CY26

# N.M. Real Gross State Product (RGSP)

New Mexico Real Gross Domestic Product 2015Q1 to 2024Q2, Moody's Forecasts 2024Q3 to 2030Q2



Source: Moody's July 2024 vs October 2024 Baseline Scenario vs. Historical Values from the Bureau of Economic Analysis

➤ New Mexico's recent RGSP actuals have outpaced the July 2024 baseline estimate as well

➤ The baseline estimate for October 2024 incorporates recent revisions to the RGSP by the BEA.

➤ New Mexico's annualized growth from 2024Q1 to 2024Q2 was 1.7%

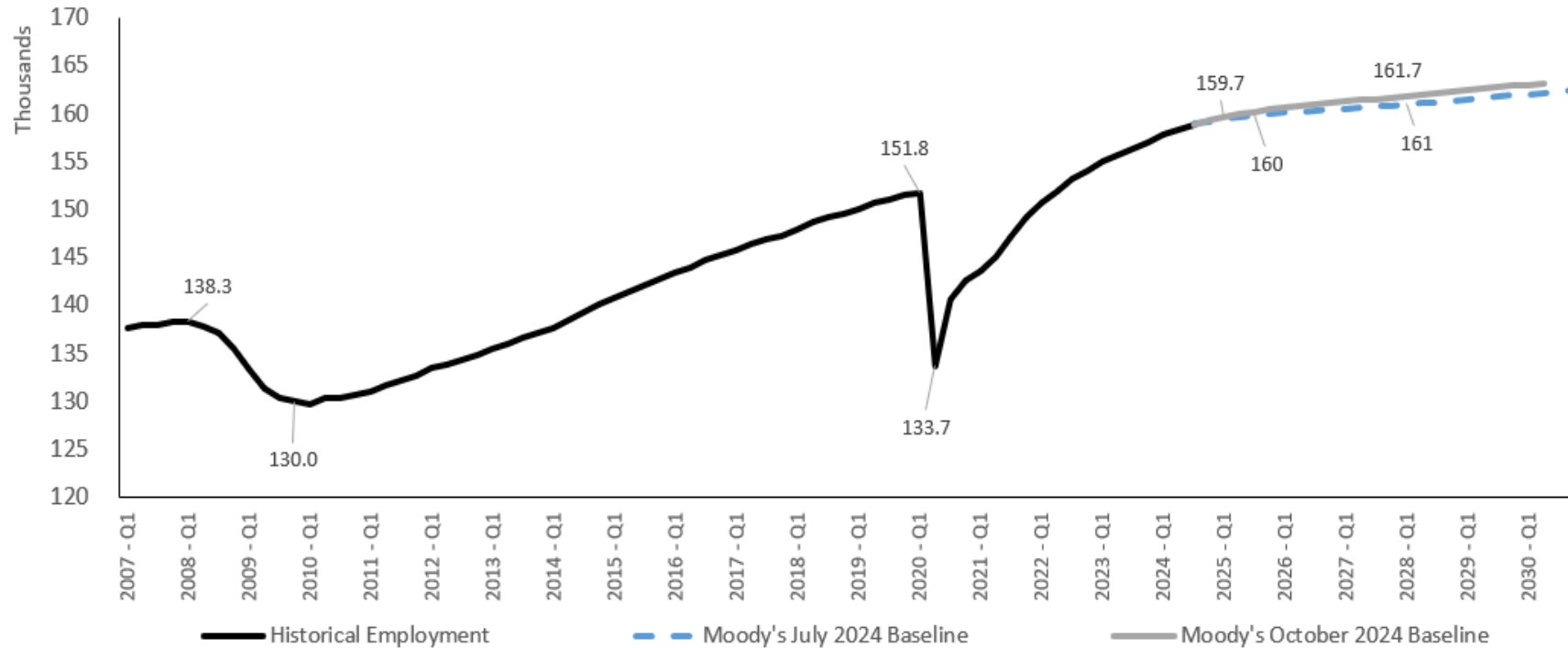
➤ Leading contributors to the growth were:

- Wholesale Trade
- Finance and Insurance
- Arts, Entertainment, and Recreation
- Manufacturing

➤ The forecasted annualized growth rates for RGSP through CY24 average 0.8%, significantly lower than the national annualized rate of 2.3%

# U.S. Total Non-Farm Employment

U.S. Total Non-Farm Employment: 2007Q1 to 2024Q3, Moody's Forecast 2024Q4 to 2030Q2  
(1,000s of jobs)

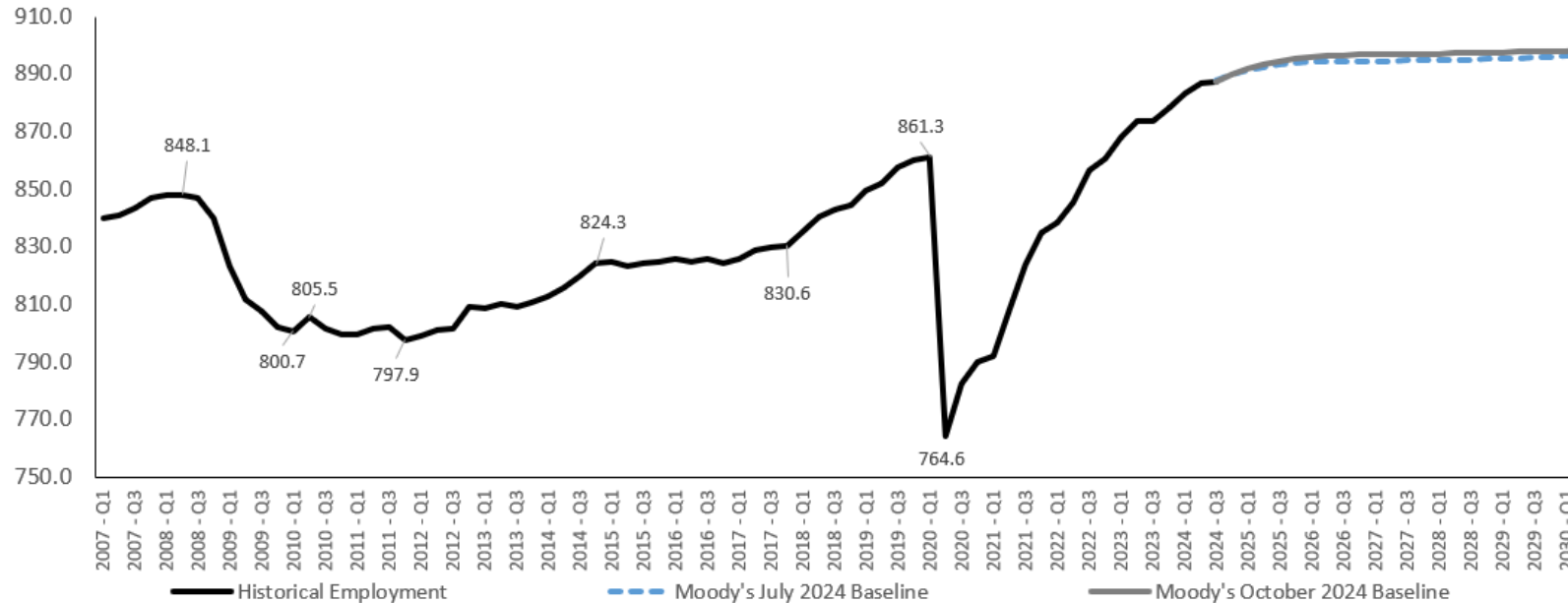


Source: Bureau of Labor Statistics

- Recent actuals have marginally exceeded the July 2024 estimate but employment growth is still flattening as expected
  - Total nonfarm employment increased by 12,000 in October 2025, compared to national monthly job growth averages of +170,000 in 2024
- Employment gains occurred primarily in:
  - Health Care
  - Government
- Little or no change in major industries such as:
  - Mining, Quarrying, and Oil and Gas Extraction
  - Wholesale Trade
  - Retail Trade
- The U.S. labor market is showing signs of moderation

# N.M. Total Non-Farm Employment

N.M.'s Quarterly Total Non-Farm Employment: 2007Q1 to 2024Q3, Moody's Forecast 2024Q4 to 2030Q2  
(1,000s of jobs)



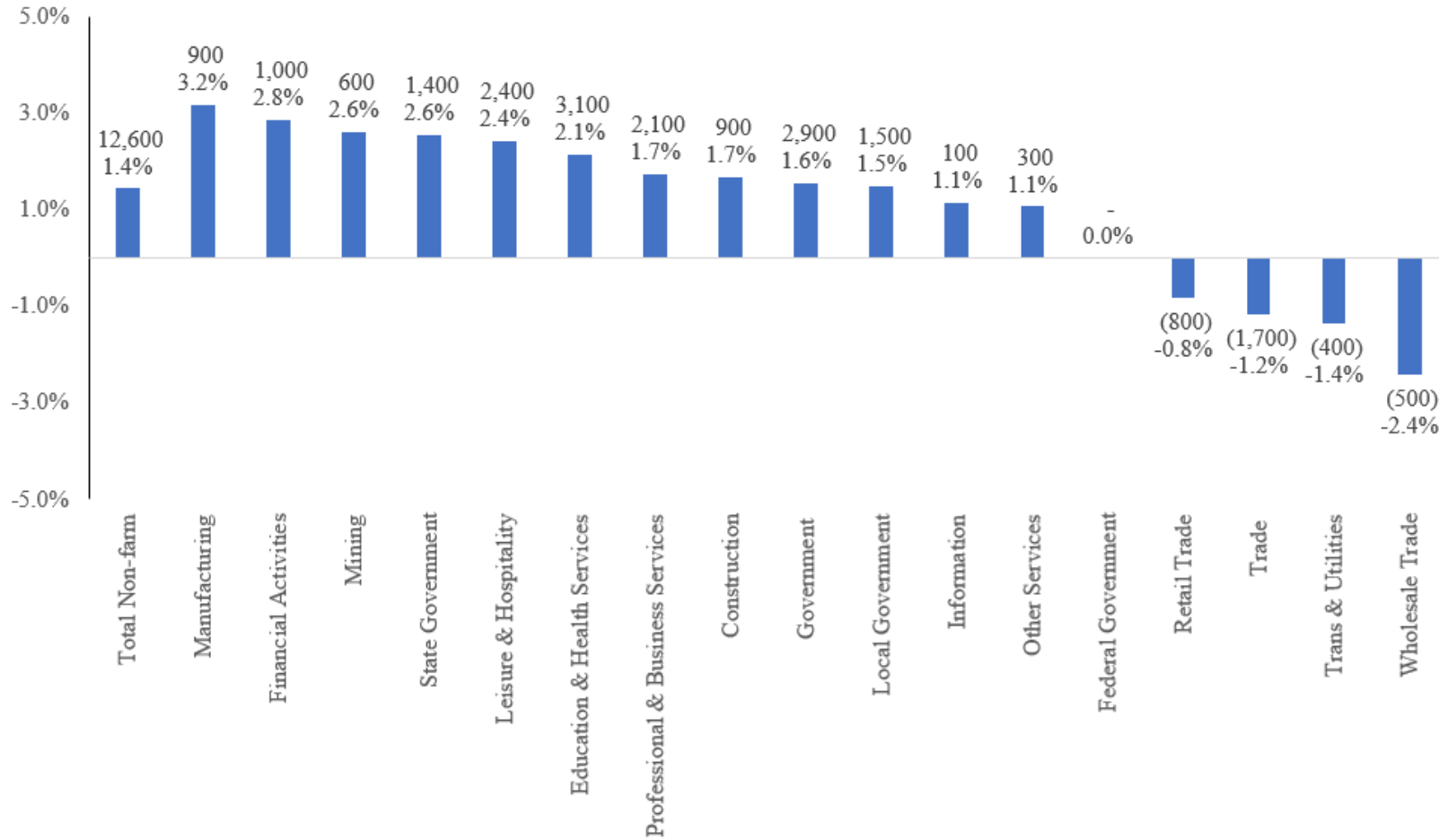
- Forecasted New Mexico employment slightly up from the previous estimate
- Growth averaged 844 jobs per month for CY2024
- Employment grew by 2.74% in CY 2023 with projected growth slowing to 1.5% in CY 2024 and 0.8% in CY 2025 and 0.3% in CY 2026

Source: Bureau of Labor Statistics



# N.M. Year-Over-Year Employment by Sector

Percent Change and Level Change in Non-Farm Employment in N.M. by Sector  
October 2023 to October 2024



➤ New Mexico's employment has grown by 1.4% (+12,600 jobs) compared to October 2023

➤ Growth was across most sectors and notable gains were in:

- Financial Activities (+1,000)
- State Government (+1,400)
- Leisure & Hospitality (+2,400)
- Education & Health Services (+3,100)
- Professional & Business Services (+2,100)
- Government (+2,900)

➤ Losses were in:

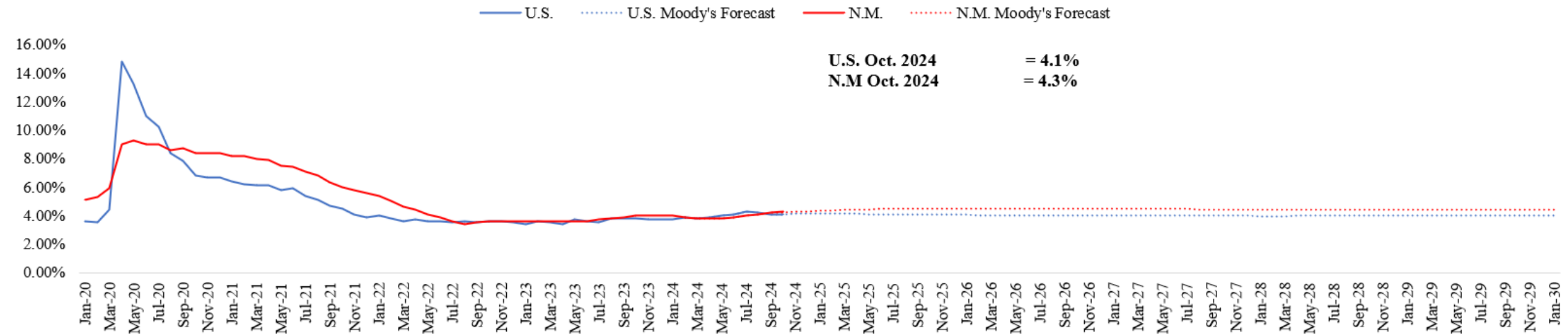
- Transportation and Utilities (-400)
- Trade (-1,700)
- Wholesale Trade (-500)

Source: bls.gov, CES seasonally adjusted

# U.S. & N.M. Unemployment

U.S. and N.M. Unemployment Rate (percent) : January 2020 to Present

Moody's Forecast: October 2024 to December 2030



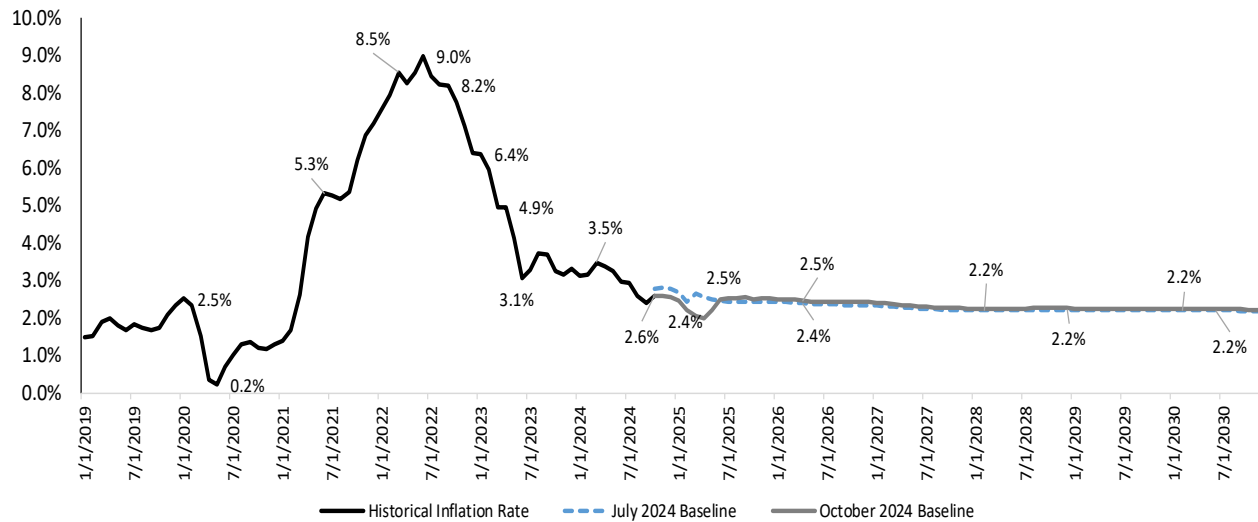
Source: bls.gov, seasonally adjusted

- New Mexico’s unemployment rate (4.3%) was slightly above the nation’s unemployment rate in October 2024 (4.1%)
- New Mexico’s 2024Q3 unemployment rates by ethnicity were:
  - All: 4.1%      White: 2.9%      Hispanic: 3.9%      Black: 6.0%      Asian American and Pacific Islander: 3.6%
  - American Indian: 7.7% (Census Bureau’s 2023 Estimate for NM)

# Inflation and Interest Rates

Consumer Price Index (CPI-all items) Year-over-year Change

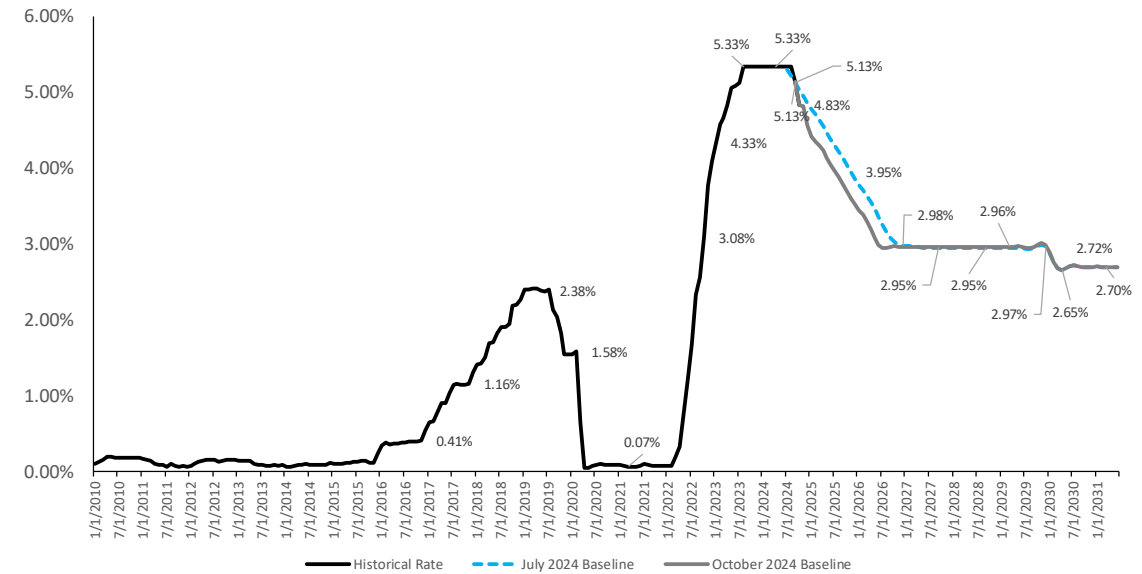
January 2019 to June 2030



Source: Bureau of Labor Statistics

Federal Funds Rate

January 2010 to January 2031



Source: Bureau of Labor Statistics

- The Consumer Price Index for all items increased by 2.6% compared to October 2024
  - The index for gasoline decreased by 12.2% compared to October 2024
  - The index for shelter continued to rise in October 2024 and is 4.9% higher than in October 2023

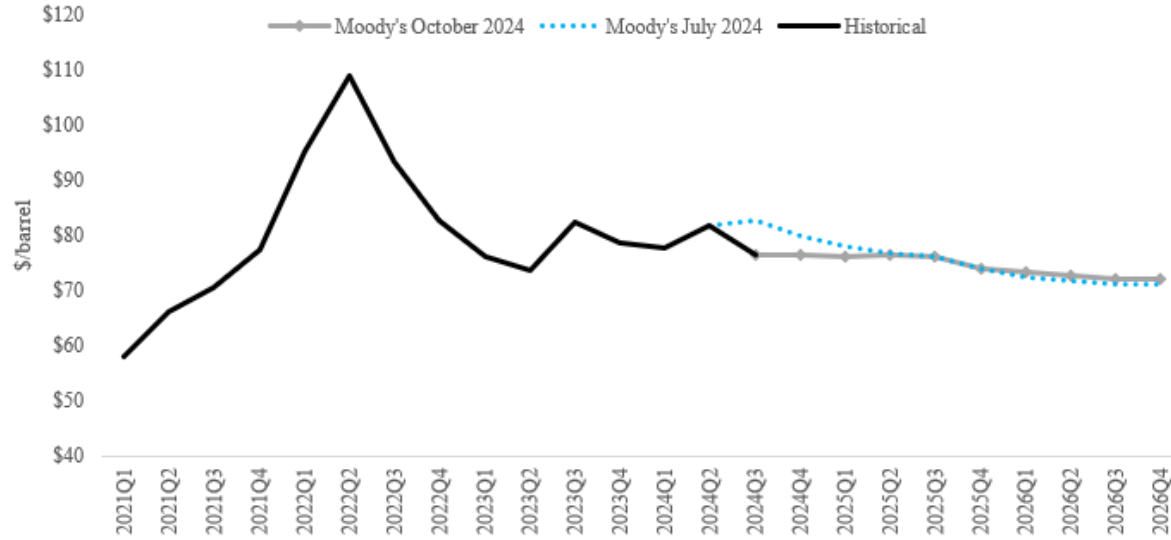
- Moody's anticipates the Fed will cut rates once more in late 2024 as well as anticipates a gradual rate reduction to 2.7% through 2030
- In the latest FOMC meeting, the Federal Reserve telegraphed they will cut rates by 25 basis points in December 2024

# Oil & Natural Gas

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# Oil Prices

Moody's Analytics West Texas Intermediate (WTI) Price Forecasts



Source: Moody's Analytics

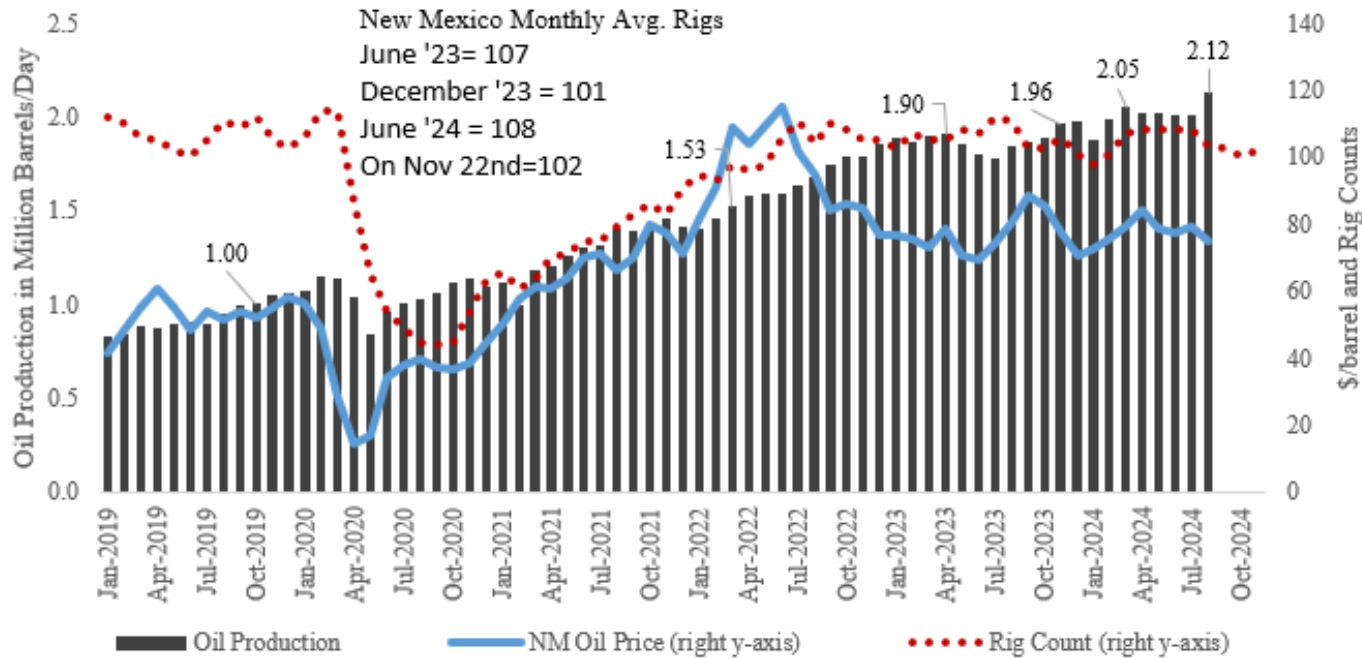
Consensus Forecast	FY24	FY25	FY26	FY27	FY28	FY29
December 2024 Estimate	\$ 78.50	\$ 70.50	\$ 68.00	\$ 70.00	\$ 70.50	\$ 71.50
August 2024 Estimate	\$ 78.50	\$ 76.50	\$ 71.50	\$ 69.00	\$ 70.00	\$ 70.50
Oil (\$/barrel)						

- Oil prices depend on oil demand, OPEC+ decisions, inventory levels, etc.
- The oil price forecast is down \$5.50/barrel in FY25, down \$3.50/barrel in FY26, and up \$1.00/barrel in FY27 when compared to August 2024
- Out-year N.M. oil prices are expected to average \$70/barrel
- Contributors to price expectations include:
  - Increased supply of North American oil, centered in the Permian Basin
  - OPEC+ recently agreed to delay the December 2024 output hike by one month
  - Global oil supply exceeding global oil demand in 2025

# New Mexico Oil Prices, Production, & Rigs

**N.M. Oil Production (MMb/d), N.M. Oil Price (\$ per barrel), & N.M. Rig Count (number)**

**January 2019 to November 2024**



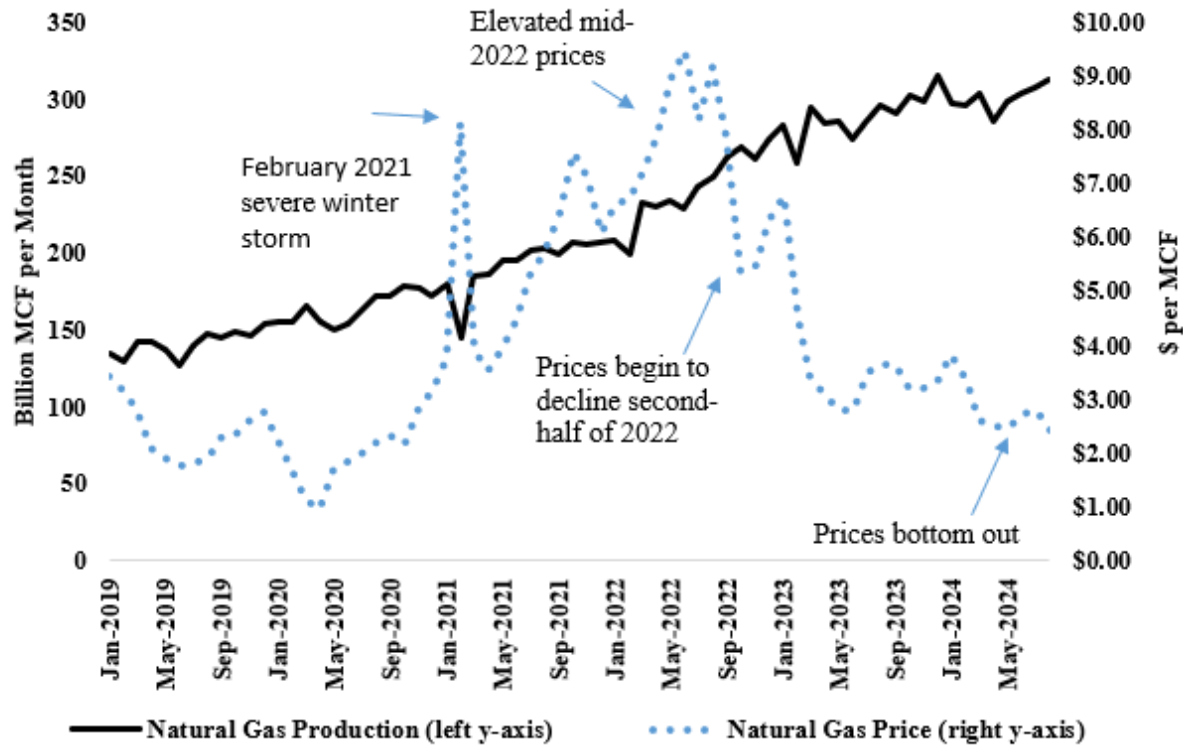
**Source: Baker Hughes, TRD (Production and price through Aug 2024, Rigs through Nov 2024)**

Consensus Forecast	FY24	FY25	FY26	FY27	FY28	FY29
December 2024 Estimate	710.0	745.0	780.0	810.0	835.0	835.0
August 2024 Estimate	705.0	735.0	790.0	815.0	815.0	825.0
Oil (million barrels)						

- Oil production estimate increased by 10 million barrels for FY25, decreased by 10 million barrels in FY26, and decreased 5 million barrels in FY27
- New Mexico oil production in FY24 reached a record high of 710 million barrels (up from 658.4 million barrels in FY23)
- Rig count (red line) has mostly remained above 100 rigs since June 2022 – currently at 102
- According to Rystad Energy, the oil and gas industry is in a "Shale 4.0" phase.
  - Characterized by focusing on building large-scale operations, long-term planning, and consolidation through major acquisitions.
  - Signifying a shift from the earlier, more rapid growth-focused "shale revolution" approach
- This is evidence of a maturing sector with less interest in fast growth but long-term production plans

# New Mexico Natural Gas Prices & Production

**New Mexico Natural Gas Prices and Production**  
January 2019 to August 2024



- New Mexico natural gas production (black line) increased to a high of 3,570 bcf for FY24 with an average price of \$3.16/mcf (blue line)
- Natural gas production is expected to follow oil production higher
- Prices are expected to moderate in the near term due to continued supply growth
- In out years, natural gas prices are expected to gradually increase due to increased demand for U.S. natural gas abroad

Source: NM TRD GenTax System

Consensus Forecast	FY24	FY25	FY26	FY27	FY28	FY29
December 2024 Estimate	\$ 3.16	\$ 3.29	\$ 4.26	\$ 4.50	\$ 4.45	\$ 4.46
August 2024 Estimate	\$ 3.20	\$ 3.57	\$ 4.20	\$ 4.36	\$ 4.39	\$ 4.46
Natural Gas (\$/mcf)						

Consensus Forecast	FY24	FY25	FY26	FY27	FY28	FY29
December 2024 Estimate	3,570.0	3,680.0	3,775.0	3,855.0	3,955.0	4,085.0
August 2024 Estimate	3,540.0	3,685.0	3,825.0	3,940.0	3,975.0	4,000.0
Natural Gas (BCF)						

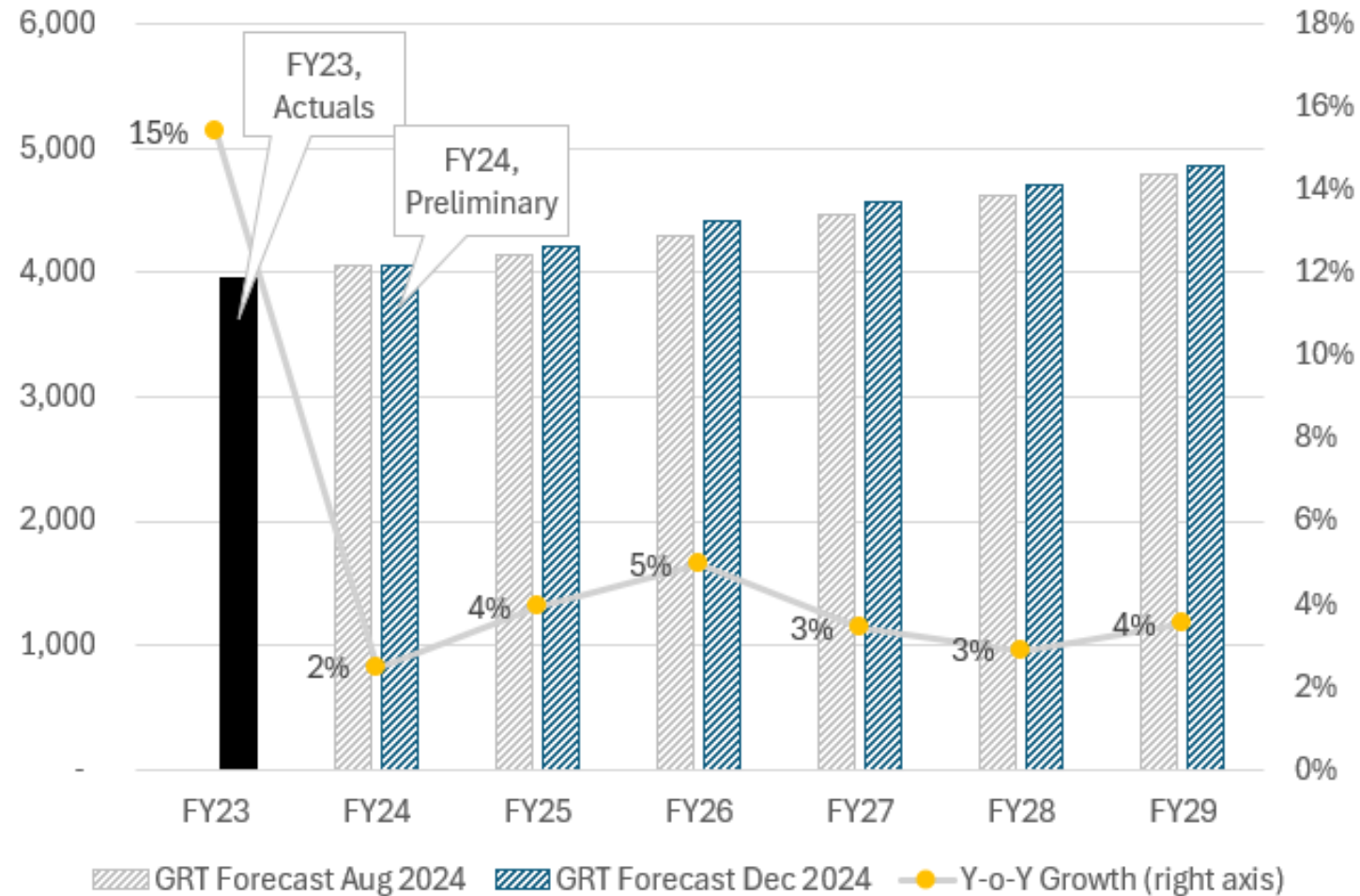
# Gross Receipts Tax

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# Gross Receipts Tax Outlook

Net Gross Receipts Tax (GRT) Revenue (\$ Millions)



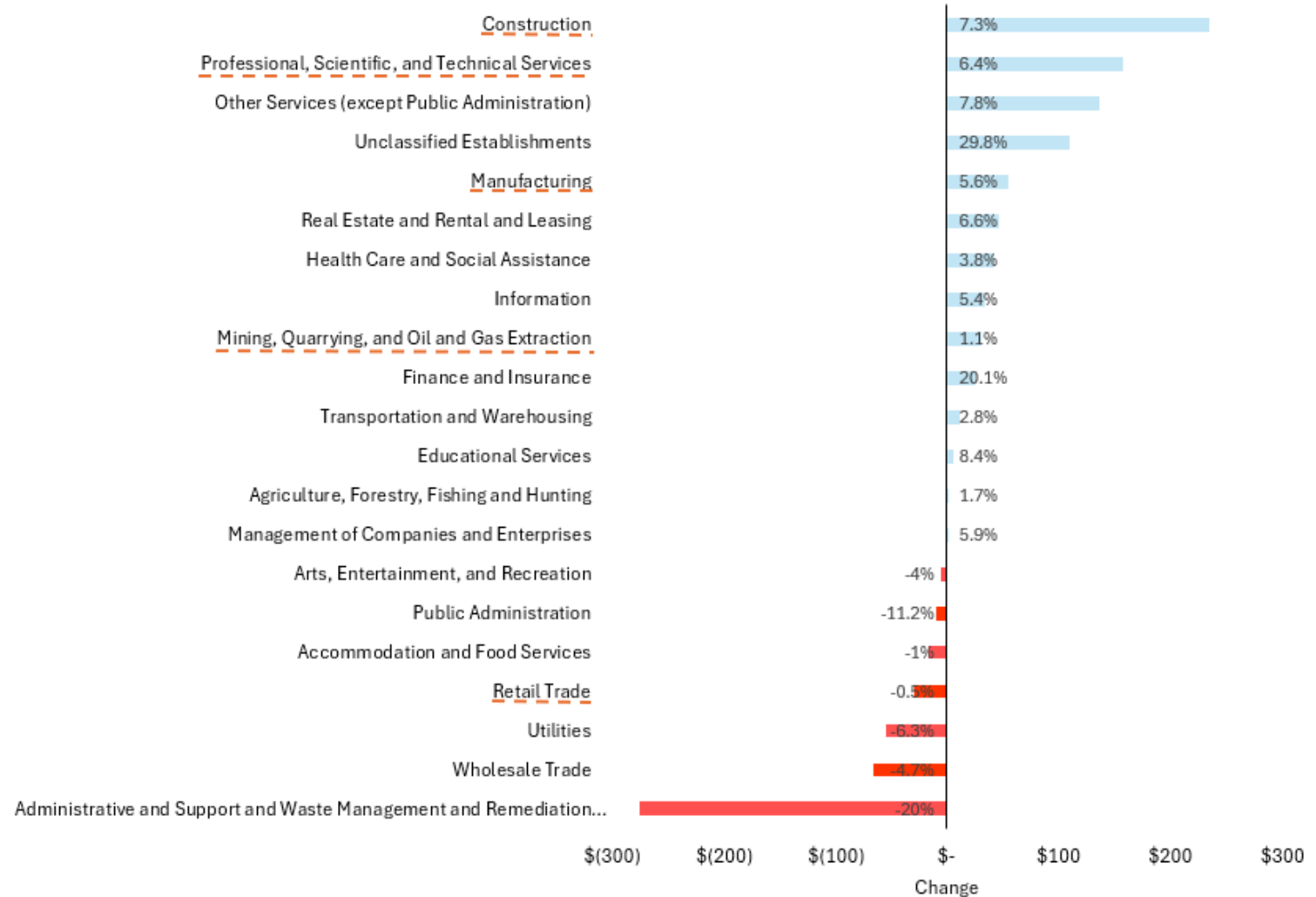
- FY25 GRT forecast increased \$73 million compared to the previous estimate due to stronger economic activity at the onset of FY25
- FY26 and FY27 are stronger versus the previous estimate by \$114 million and \$103 million respectively
- Underlying economic growth is still positive, with the oil & natural gas industry and employment and wage & salary economic indicators leading the near-term growth rates

Source: Dec 2024 CREG Estimates

# Tax Base by Industry

- Total MTGR in FY25Q1 is 1.7% higher than FY24Q1
- In FY25Q1, oil and gas extraction GRT base grew by 1.1%, down from 6% growth in FY24Q1
- Among the most dynamic sectors, Construction, Manufacturing, and Professional, Scientific and Technical Services show positive and substantial growth
- Retail trade exhibits a slight decline since a solid post-pandemic expansion

Matched Taxable Gross Receipts (MTGR) by Industry. FY25:Q1 vs FY24:Q1. Change (\$ Millions) and Growth Rate (%)



Source: Taxation & Revenue Department RP500 Reports

# MTGR Eddy & Lea Counties

- The oil and gas extraction industry continues its positive growth, although moderating
- There is a strong relationship between the oil and natural gas extraction industry and subsidiary industries like transportation, which has secondary effects on MTGR
- Not all industries are similarly linked to the oil and natural gas extraction industry

Matched Taxable Gross Receipts (MTGR) Recent Change by Industry for Eddy and Lea Counties  
FY22-FY24 (\$ millions)

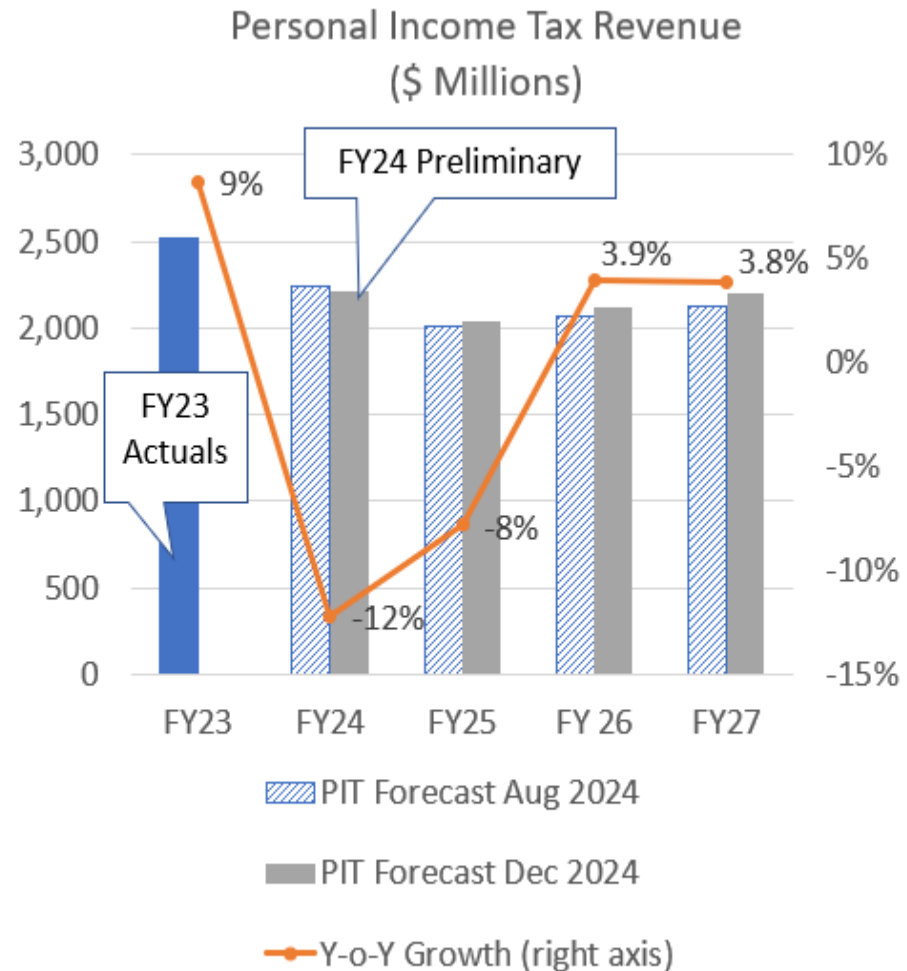


Source: RP-500 Report

# Personal Income Tax

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# Personal Income Tax (PIT) Outlook



## ➤ FY24:

### ➤ PIT revenue is estimated to be 12% below FY23

- About \$190 million of pass-through entity (PTE) tax was moved from PIT to CIT, causing FY24 PIT to fall and CIT to increase

## ➤ FY25:

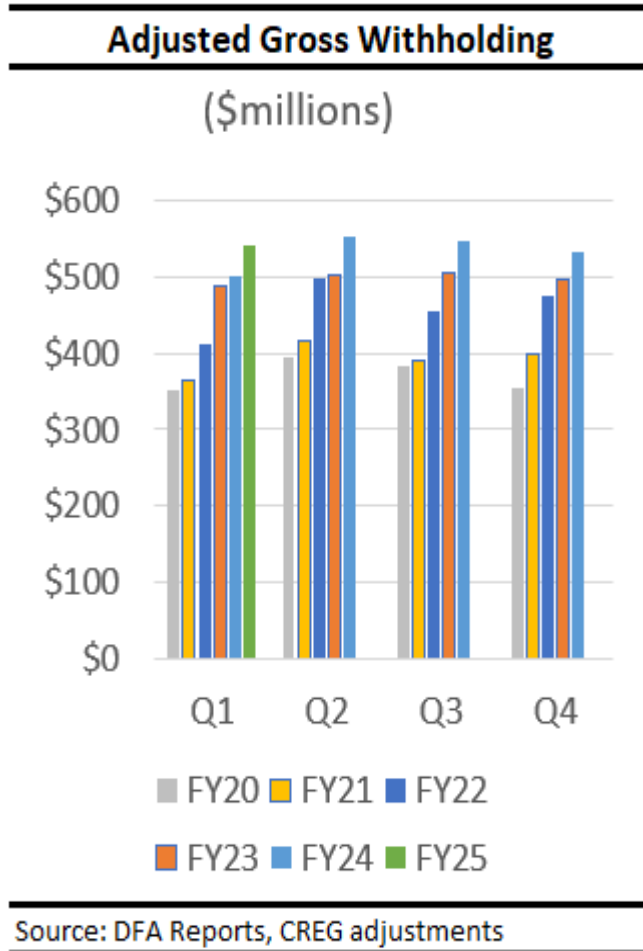
- FY25 to decline 8% due to decrease in revenue through legislative adjustments and full year of PTE changes

## ➤ FY26 & FY27:

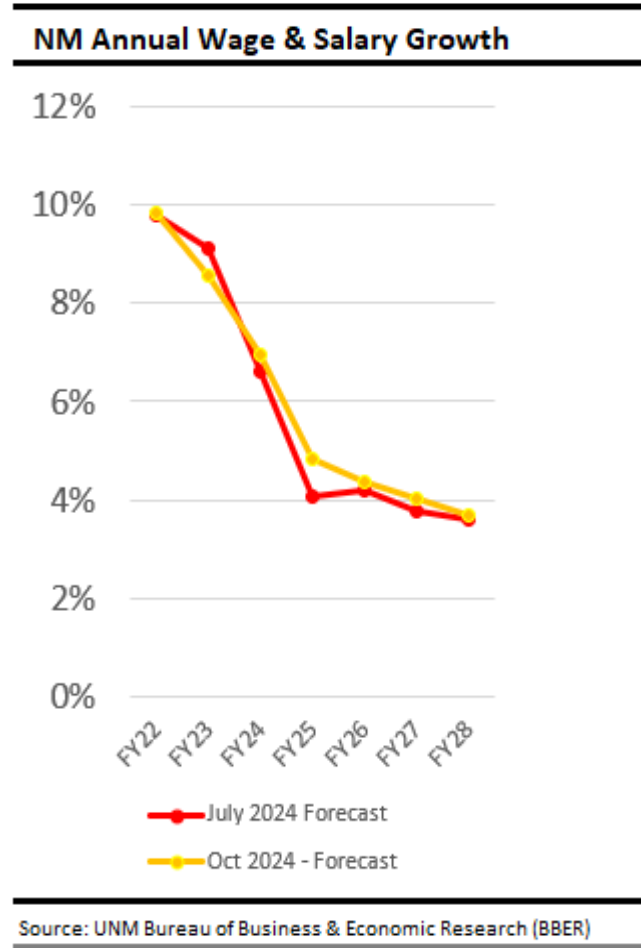
- PIT is forecasted to grow year-over-year, but at a slightly higher rate than the Aug 2024 forecast
  - FY26 forecasted at 3.9% growth versus 2.7% in August
  - FY27 forecasted at 3.8% growth versus 2.8% in August
- FY26 and FY27 PIT growth rates of 3.9% and 3.8% tracks just below the rate of UNM – BBER forecasted wage & salary growth (4.4% and 4.1% respectively)

Source: Dec 2024 CREG Estimates

# Wage & Salary Outlook



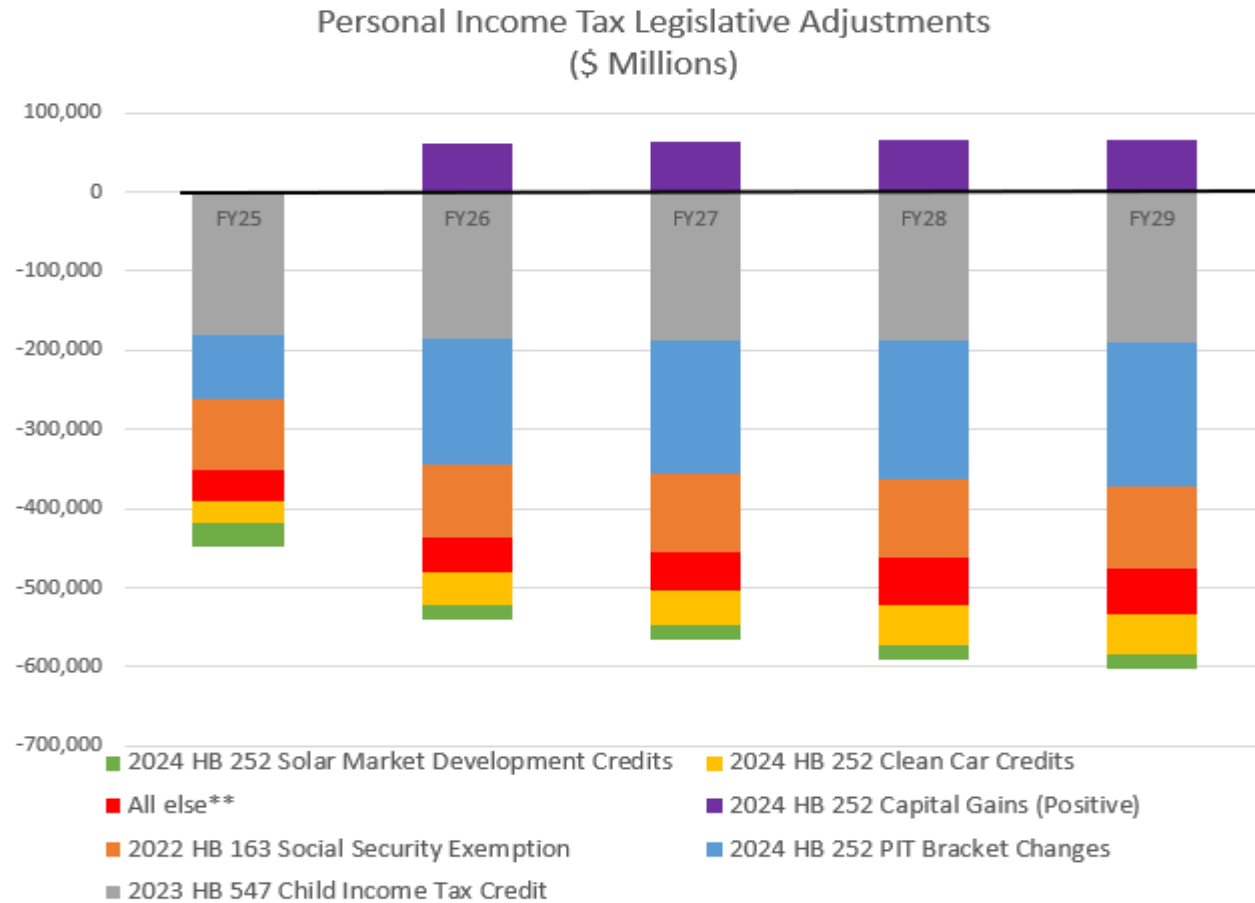
Graph 1



Graph 2

- FY25Q1 withholding continues strong quarter over quarter growth (Graph 1)
  - Preliminary FY25Q1 withholding is 7.9% higher than FY24Q1
- FY25 and FY26 UNM-BBER Wage & Salary forecast continues to show slowing of wage & salary growth to 4.8% and 4.4% respectively
  - FY25 growth revised upward to 4.8% from 4.1% in August forecast, reflecting strong first quarter withholding

# PIT Legislative Adjustments



Source: Dec 2024 CREG Estimates

\*\* Includes HB 163 - Military Pension Exemption, New Solar Market Tax Credit; and HB 252 - Armed Services Retirement Pay Exemption, Rural Healthcare Practitioner Credit, Fire Recovery Credit, Geothermal Heat Pump Credit, Geothermal Electricity Generation Credit, Angel Investment Credit, Special Needs Adopted Child Credit, and Teacher-Purchased Supplies Deduction.

- Child Income Tax Credit accounts for 37% of total adjustments
- PIT bracket changes account for 35% of total adjustments
- Social Security Exemption accounts for 20% of total adjustments
- Narrowing the capital gains deduction partially offsets PIT reductions

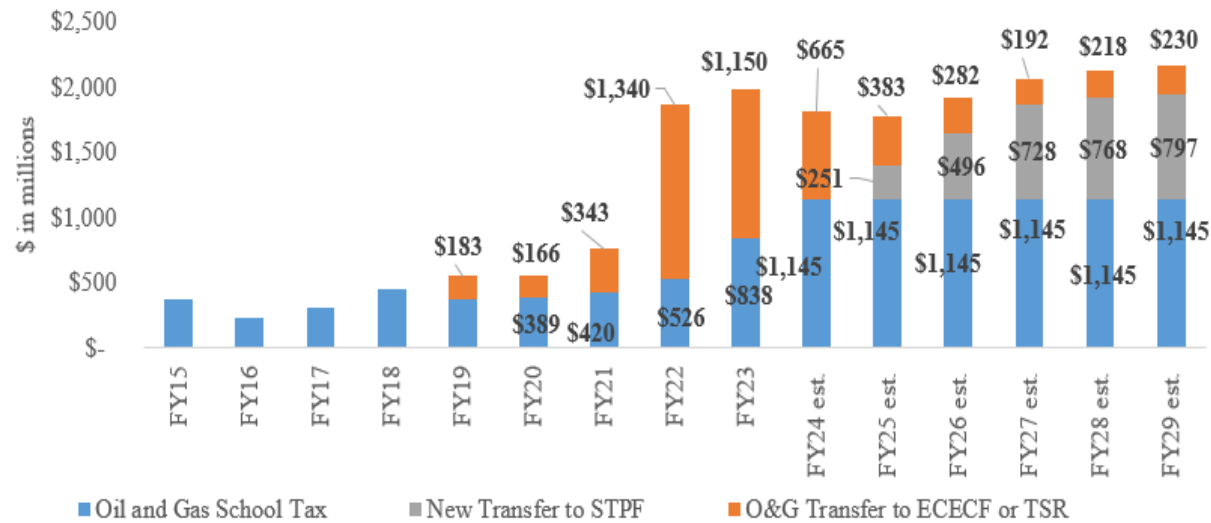
# Severance Taxes & Rents & Royalties

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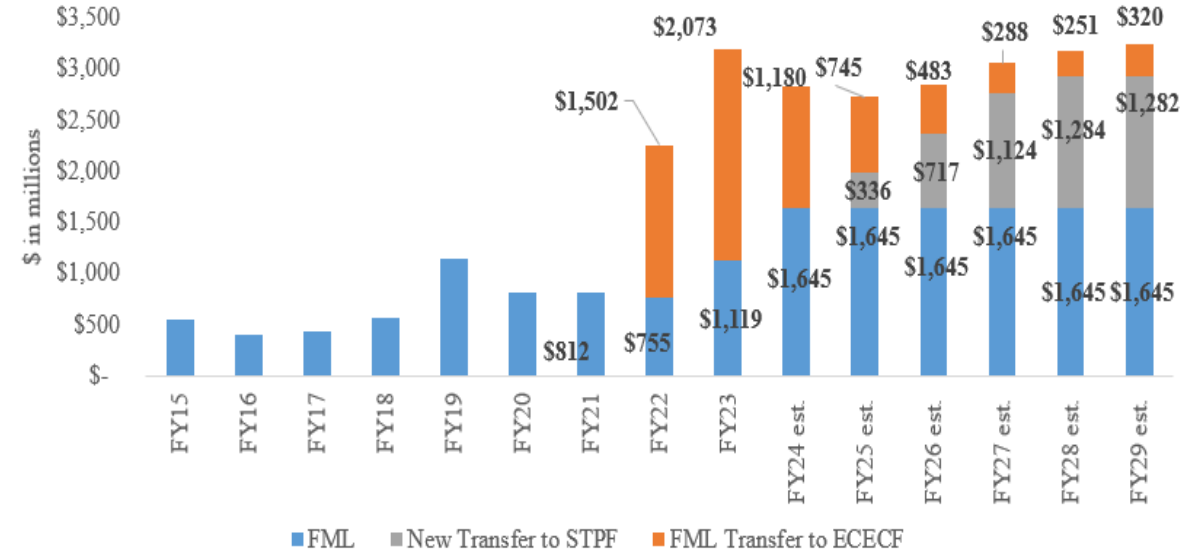
# Severance Taxes & Rents and Royalties

Oil and Gas School Tax Revenues From FY15 to FY29



Source: DFA, CREG, Author's calculation, Early Childhood Education and Care Fund or Tax Stabilization Reserve (TSR)

Federal Mineral Leasing from FY15 to FY29



Source: DFA, CREG, Author's calculation, Early Childhood Education and Care Fund

- Severance tax and rents and royalties revenues to general fund are capped at FY24 levels (\$1.145 billion School Tax; \$1.645 billion FML)
  - The general fund is insulated from the December 2024 oil and gas forecast updates; those changes instead reduce transfers to the ECECF
  - Oil and gas school tax transfer to the Early Childhood Education and Care Fund (ECECF) is \$665 million in FY24 and estimated to continue at \$383 million in FY25 and \$282 million in FY26
  - FML estimated transfer to ECECF is \$1.18 billion in FY24 and estimated to continue at \$745 million in FY25 and \$483 million in FY26
  - FML and oil and gas school tax estimated transfers to the Severance Tax Permanent Fund (STPF) are estimated to begin FY25
  - Transfers to the STPF are expected to increase substantially during the forecast period

# General Fund Overview

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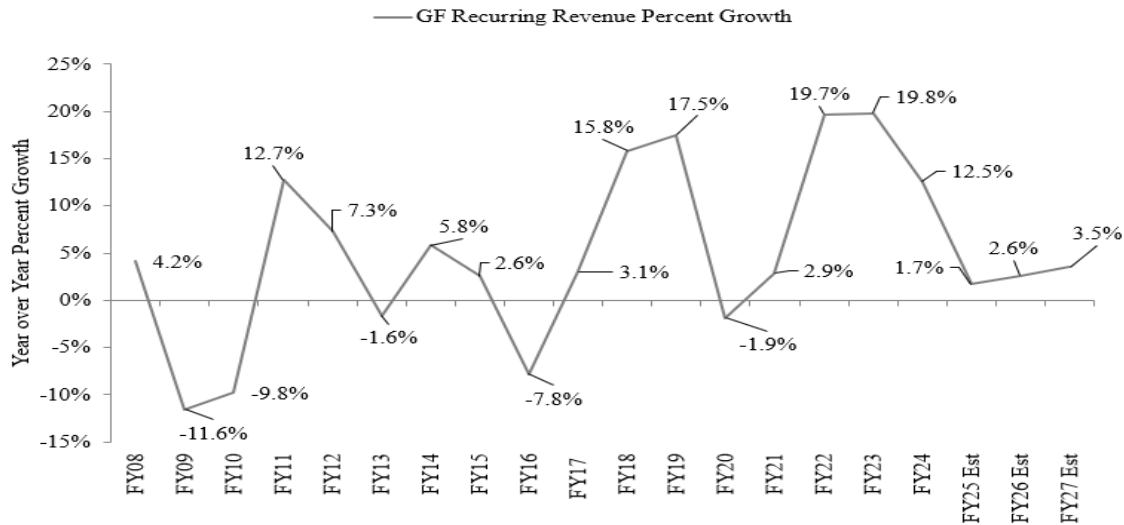
# N.M. Consensus Revenue Summary

**Table 1**  
**December 2024 Consensus General Fund Forecast**  
(in millions of dollars)

	FY24		FY25		FY26		FY27	
	\$ Millions	% Change	\$ Millions	% Change	\$ Millions	% Change	\$ Millions	% Change
General Sales	\$ 4,131.8	2.1%	\$ 4,294.4	3.9%	\$ 4,505.9	4.9%	\$ 4,659.1	3.4%
Selective Sales	\$ 744.2	-2.6%	\$ 833.2	12.0%	\$ 826.5	-0.8%	\$ 850.1	2.9%
Income Taxes	\$ 2,834.7	-4.0%	\$ 2,744.6	-3.2%	\$ 2,845.3	3.7%	\$ 2,936.6	3.2%
O&G Revenue	\$ 3,075.6	40.5%	\$ 2,996.0	-2.6%	\$ 2,993.3	-0.1%	\$ 3,008.5	0.5%
Investment Income	\$ 1,887.1	41.0%	\$ 2,100.4	11.3%	\$ 2,146.3	2.2%	\$ 2,335.4	8.8%
Other	\$ 376.8	26.0%	\$ 295.3	-21.6%	\$ 297.1	0.6%	\$ 300.4	1.1%
Total Recurring Revenue	\$13,050.2	12.6%	\$13,263.9	1.6%	\$13,614.4	2.6%	\$14,090.1	3.5%
Total Nonrecurring	\$ 139.8	-120.0%						
Grand Total Revenue	\$13,190.0	21.1%	\$13,263.9	0.6%	\$13,614.4	2.6%	\$14,090.1	3.5%

- In FY24:
  - General sales increased by 2.1%.
  - Income taxes declined by 4.0%
    - Legislative adjustments impact both general sales and income taxes
  - Investment income increased by 41%
- In FY25:
  - General sales are estimated to increase by 3.9%
    - Positive economic activity has improved the fiscal year's estimate
  - Income taxes are estimated to decline by 3.2%
    - PIT growth influenced by legislative adjustments and PTE changes
  - Major oil and gas revenues such as oil and gas school tax and FML are capped at FY24 levels
  - Investment income is estimated to increase by 11.3%
    - Within investment income, STO earnings are a strong contributor to investment income due to faster-than-anticipated market interest rate reductions raising the estimated value of bond holdings
    - Fluctuations in interest rates and investor expectations have driven STO to become a volatile revenue component of the general fund
- FY26 and FY27 updates:
  - General sales return to moderate growth
  - Income taxes return to moderate growth in FY26, FY27, and beyond
    - Both general sales and income taxes are impacted by:
      - moderation in underlying economic variables
  - Investment income is becoming a greater contributor to growth in the general fund
  - Severance and FML capped at FY24 levels

## General Fund Total Recurring Revenue

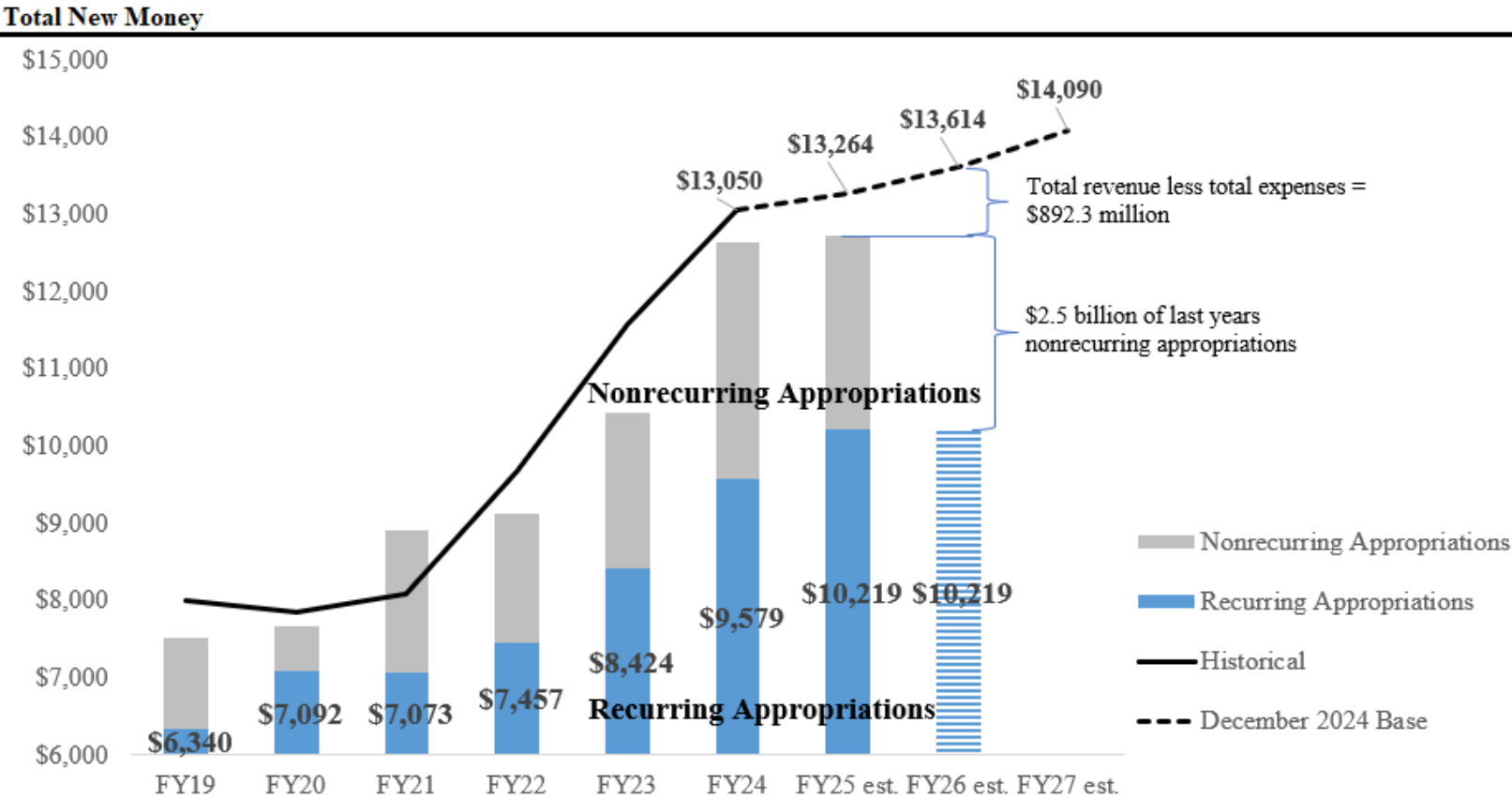


Source: DFA, CREG

# Total New Money

➤ In FY26:

➤ Total estimated revenue for FY26 less total appropriations in FY25 equals “Total New Money of \$892.3 million”



Source: DFA, CREG, (in millions)

# General Fund Overview

## FY24

- FY2024 GF Recurring Revenue increased by 12.6% over FY2023
- FY2024 GF Reserves are estimated at \$3.16 billion or 33.0% of recurring appropriations

## FY25

- FY2025 GF Recurring Revenue is estimated to increase slightly by 1.6% vs. FY2024
- FY2025 GF Reserves are estimated at \$3.92 billion or 38.4% of recurring appropriations\*

## FY26

- “Total New Money” for FY2026 is forecasted to be \$892.3 million

\* Pending 2025 legislative appropriations

# General Fund Financial Summary (\$ in millions)

	<b>FY2024 Prelim</b>	<b>FY2025 Est.</b>	<b>FY2026 Est.</b>
Beginning Balance (General Fund Reserves)	\$3,988.2	\$3,164.2	\$3,922.5
Total Revenue (Recurring Revenue)	\$13,050.2	\$13,263.9	\$13,614.4
Spending (Recurring Appropriations)	(\$9,578.9)	(\$10,219.5)	
Spending (Nonrecurring Appropriations)	(\$3,070.6)	(\$2,502.6)	
Total Appropriations	(\$12,649.5)	(\$12,722.1)	
Reserve Transfers, etc.	\$102.5	\$541.8	
Ending Balance (General Fund Reserves)	\$3,164.2	\$3,922.5	
General Fund Reserves as a Percent of Recurring Appropriations	33.0%	38.4%*	

\* Pending 2025 legislative appropriations

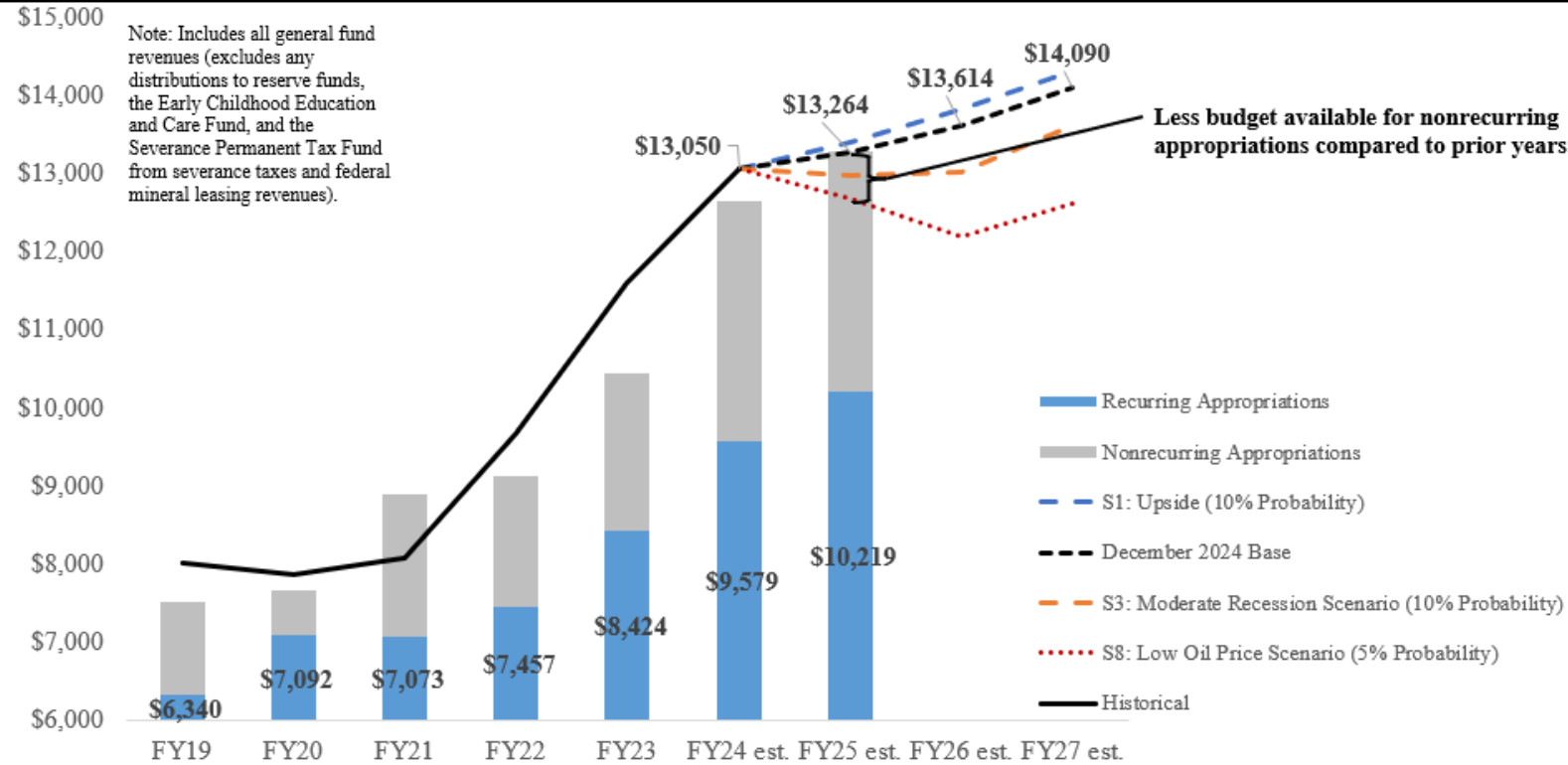
# Risks to the Forecast

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Downside	Upside
<ul style="list-style-type: none"> <li>➤ Inflation                             <ul style="list-style-type: none"> <li>➤ Pressure from potential new federal tax policy, trade policy and immigration policy</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>➤ Wage growth                             <ul style="list-style-type: none"> <li>➤ Growth outpaces inflation</li> <li>➤ Impact from potential new Federal Immigration Policy</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>➤ Labor market                             <ul style="list-style-type: none"> <li>➤ Impact from potential new Immigration Policy</li> <li>➤ High unemployment in agriculture, construction, hospitality</li> <li>➤ Drag on New Mexico construction growth</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>➤ Consumption growth                             <ul style="list-style-type: none"> <li>➤ Tied to wage growth</li> <li>➤ Impact from potential new Federal Tax Policy</li> <li>➤ Higher consumer confidence</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>➤ Oil Prices and Production                             <ul style="list-style-type: none"> <li>➤ Oil prices rise due to continued unrest in oil producing regions</li> <li>➤ Oil prices fall as US production rises dramatically</li> <li>➤ Oil prices fall if global recession reduces global demand</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>➤ Oil Prices and Production                             <ul style="list-style-type: none"> <li>➤ Oil price stability with end to unrest in oil producing regions</li> <li>➤ Increased NM oil production with impact of new Federal Policy</li> <li>➤ OPEC actions stabilize production and increase prices</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>➤ Recession                             <ul style="list-style-type: none"> <li>➤ Employment losses and unemployment rate increases</li> <li>➤ Decrease in consumption</li> <li>➤ Gross domestic product contracts</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>➤ Increased Defense Spending                             <ul style="list-style-type: none"> <li>➤ Impact to Federal Labs</li> <li>➤ Impact to New Mexico Military bases</li> </ul> </li> </ul>
<p><b>Note: The scope of new Federal policies to be enacted will direct the magnitude of downside and upside risks nationally and in New Mexico.</b></p>	

# Stress Test

## Revenue Sensitivity Analysis



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

- The stress test illustrates how far revenues could fall under a moderate recession scenario and a low oil price scenario
- Under the low oil price scenario, the recurring revenue of the general fund could decrease by \$594 million in FY25, \$1.4 billion in FY26, and \$1.5 billion in FY27 as compared to the baseline.
- 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

Upside Scenario (in millions)			
	FY25	FY26	FY27
GRT	\$ 93	\$ 117	\$ 116
PIT	\$ 25	\$ 59	\$ 68
CIT	\$ 18	\$ 24	\$ 24
Severance to GF	\$ 5	\$ 15	\$ 14
Severance to TSR or ECE	\$ 86	\$ 104	\$ 61
Severance to STPF	\$ 0	\$ 17	\$ 42
FML to GF	\$ -	\$ -	\$ -
FML to ECE	\$ 91	\$ 150	\$ 107
FML to STPF	\$ -	\$ 18	\$ 52
<b>TOTAL</b>	<b>\$ 317</b>	<b>\$ 503</b>	<b>\$ 484</b>
<i>Total GF</i>	<i>\$ 140</i>	<i>\$ 215</i>	<i>\$ 222</i>
<i>Total TSR/ECE/STPF</i>	<i>\$ 177</i>	<i>\$ 289</i>	<i>\$ 261</i>
<i>% TSR/ECE/STPF</i>	<i>56%</i>	<i>57%</i>	<i>54%</i>

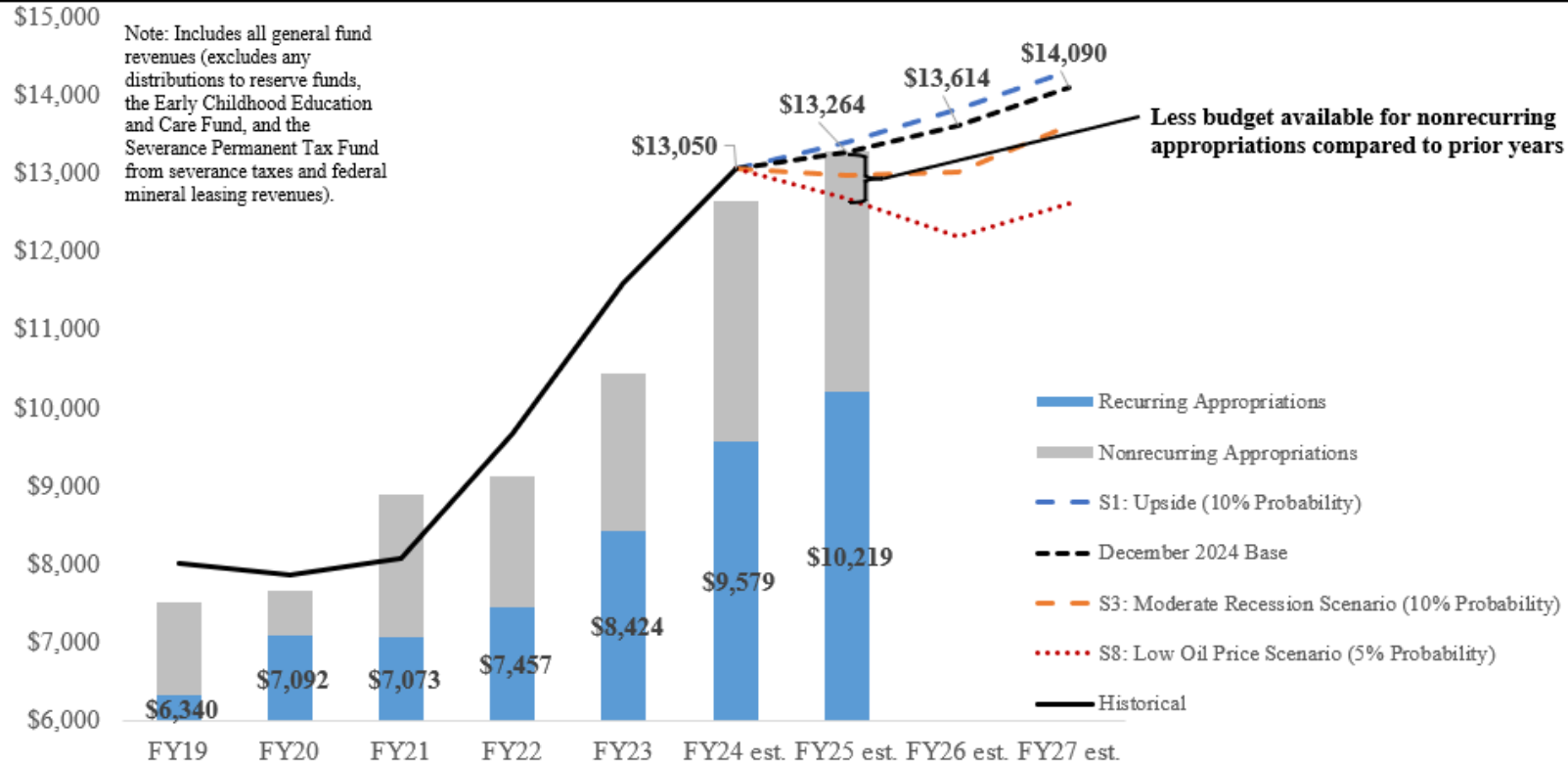
Moderate Recession Scenario (in millions)			
	FY25	FY26	FY27
GRT	\$ (162)	\$ (338)	\$ (267)
PIT	\$ (56)	\$ (111)	\$ (77)
CIT	\$ (45)	\$ (115)	\$ (122)
Severance to TSR or ECE	\$ (289)	\$ (277)	\$ (187)
Severance to STPF	\$ 0	\$ (281)	\$ (175)
FML to GF	\$ -	\$ -	\$ -
FML to ECE	\$ (334)	\$ (480)	\$ (277)
FML to STPF	\$ -	\$ (272)	\$ (293)
<b>TOTAL</b>	<b>\$ (911)</b>	<b>\$ (1,903)</b>	<b>\$ (1,416)</b>
<i>Total GF</i>	<i>\$ (288)</i>	<i>\$ (592)</i>	<i>\$ (484)</i>
<i>Total TSR/ECE</i>	<i>\$ (623)</i>	<i>\$ (1,310)</i>	<i>\$ (932)</i>
<i>% TSR/ECE/STPF</i>	<i>68%</i>	<i>69%</i>	<i>66%</i>

Low Oil Price Scenario (in millions)			
	FY25	FY26	FY27
GRT	\$ (294)	\$ (519)	\$ (618)
PIT	\$ (88)	\$ (139)	\$ (164)
CIT	\$ (90)	\$ (174)	\$ (211)
Severance to GF	\$ (123)	\$ (320)	\$ (254)
Severance to TSR or ECE	\$ (377)	\$ (277)	\$ (187)
Severance to STPF	\$ (257)	\$ (501)	\$ (733)
FML to GF	\$ -	\$ (266)	\$ (227)
FML to ECE	\$ (694)	\$ (480)	\$ (277)
FML to STPF	\$ (123)	\$ (718)	\$ (1,125)
<b>TOTAL</b>	<b>\$ (2,045)</b>	<b>\$ (3,395)</b>	<b>\$ (3,796)</b>
<i>Total GF</i>	<i>\$ (594)</i>	<i>\$ (1,418)</i>	<i>\$ (1,475)</i>
<i>Total TSR/ECE</i>	<i>\$ (1,451)</i>	<i>\$ (1,977)</i>	<i>\$ (2,322)</i>
<i>% TSR/ECE/STPF</i>	<i>71%</i>	<i>58%</i>	<i>61%</i>



# Stress Test

## Revenue Sensitivity Analysis



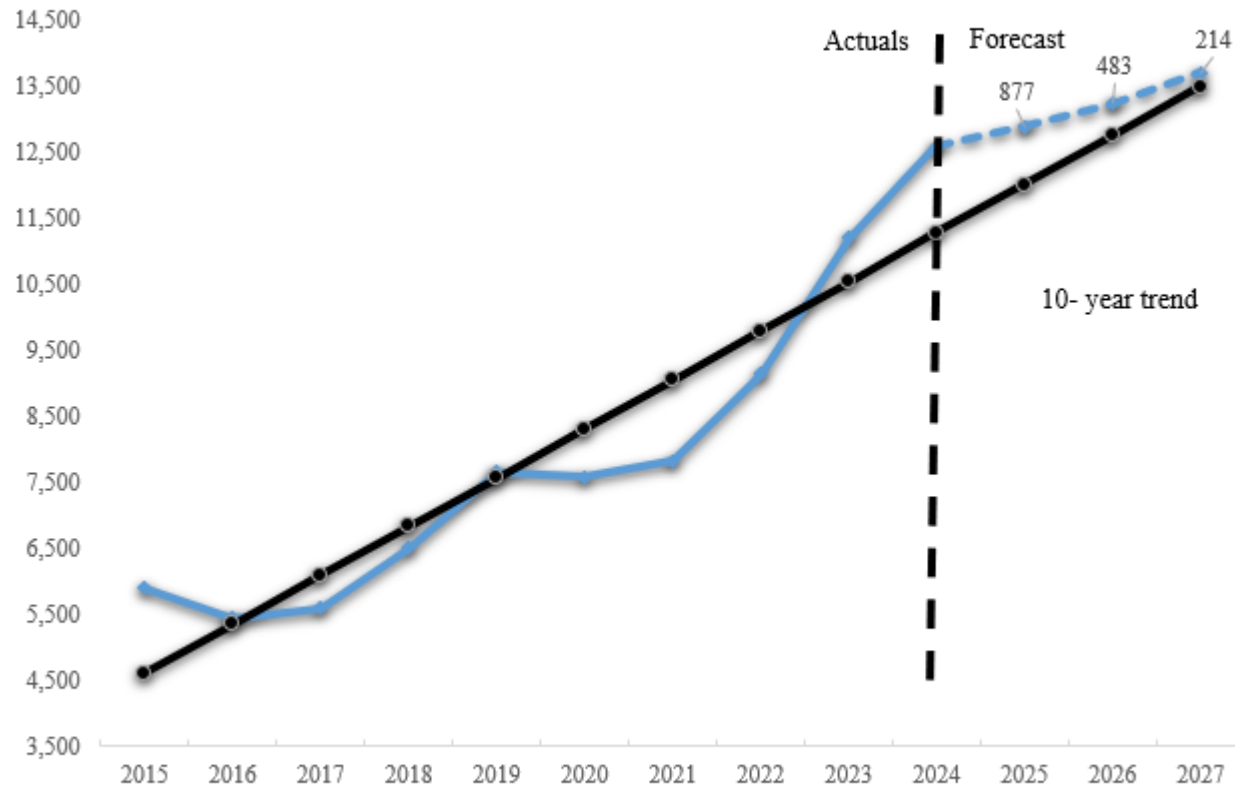
Source: DFA, CREG, Moody's Analytics, S&P, UNM Bureau of Business & Economic Research, (in millions)

- Under the low oil price scenario, the FY25 recurring appropriations remain well below the negative impact of an oil shock scenario
- Under the low oil price scenario, the estimated budget available for nonrecurring appropriations would be negatively impacted;
  - Estimated less budget available for nonrecurring appropriations:
    - \$620 million in FY25

# General Fund Revenue vs. 10 Year Trend

## Volatility in major General Fund revenue sources

Deviation from 10 years (FY15-FY24) trend (\$ millions)



Note: major revenue sources consist of sales taxes, income taxes, severance taxes, rents and royalties, and investment earnings.

- The trendline analysis illustrates how far revenues have deviated from the 10-year trend in current years before returning to trend in out years
- For FY25, general fund revenues exceed the 10-year trend by \$877 million
- For the budget year FY26, forecast general fund revenues exceed the trend by \$483 million
- New Mexico's general fund revenue average annual growth rate is 10.1% (2015-2024 trend)

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# Appendix

# Appendix 1a:

## General Fund Consensus Revenue Estimate - December 2024

Revenue Source	FY24					FY25					FY26				
	Aug 24 Est.	Dec 24 Prelim	Change From Prior (Aug 24)	% Change from FY23	\$ Change from FY23	Aug 24 Est.	Dec 24 Est.	Change From Prior (Aug 24)	% Change from FY24	\$ Change from FY24	Aug 24 Est.	Dec 24 Est.	Change From Prior (Aug 24)	% Change from FY25	\$ Change from FY25
Base Gross Receipts Tax	4,164.2	4,200.1	35.9	3.4%	137.6	4,228.8	4,311.6	82.8	2.7%	111.5	4,387.4	4,506.7	119.3	4.5%	195.1
F&M Hold Harmless Payments	(102.8)	(138.7)	(35.9)	24.6%	(27.4)	(93.5)	(103.4)	(9.9)	-25.4%	35.2	(84.5)	(90.3)	(5.8)	-12.7%	13.1
NET Gross Receipts Tax	4,061.4	4,048.6	(12.8)	2.5%	97.4	4,135.3	4,208.2	72.9	3.9%	159.6	4,302.9	4,416.4	113.5	4.9%	208.2
Compensating Tax	83.2	83.2	-	-11.5%	(10.8)	93.6	86.2	(7.4)	3.6%	3.0	96.9	89.5	(7.4)	3.9%	3.3
<b>TOTAL GENERAL SALES</b>	<b>4,144.6</b>	<b>4,131.8</b>	<b>(12.8)</b>	<b>2.1%</b>	<b>86.6</b>	<b>4,228.9</b>	<b>4,294.4</b>	<b>65.6</b>	<b>3.9%</b>	<b>162.6</b>	<b>4,399.8</b>	<b>4,505.9</b>	<b>106.1</b>	<b>4.9%</b>	<b>211.5</b>
Tobacco Products and Cigarette Taxes	71.1	71.1	-	-12.4%	(10.0)	70.2	70.2	-	-1.3%	(0.9)	69.4	68.8	(0.6)	-2.0%	(1.4)
Liquor Excise	24.3	24.0	(0.3)	-2.0%	(0.5)	24.5	24.4	(0.0)	1.8%	0.4	24.8	24.7	(0.0)	1.2%	0.3
Cannabis Excise	32.7	32.7	-	33.3%	8.2	36.6	32.7	(3.9)	0.1%	0.0	40.8	35.0	(5.8)	6.8%	2.2
Insurance Taxes	367.0	370.0	3.0	-5.3%	(20.9)	454.6	464.2	9.6	25.5%	94.2	442.7	451.5	8.8	-2.7%	(12.7)
Motor Vehicle Excise	166.8	167.3	0.6	1.6%	2.6	168.1	172.9	4.9	3.4%	5.6	169.7	177.6	7.9	2.7%	4.7
Gaming Excise	67.8	67.7	(0.1)	-6.1%	(4.4)	67.2	64.4	(2.8)	-4.9%	(3.3)	66.8	64.2	(2.6)	-0.3%	(0.2)
Leased Vehicle & Other	4.0	11.4	7.4	206.6%	7.7	4.1	4.3	0.2	-62.2%	(7.1)	4.2	4.7	0.5	9.4%	0.4
<b>TOTAL SELECTIVE SALES</b>	<b>733.6</b>	<b>744.2</b>	<b>10.5</b>	<b>-2.6%</b>	<b>(19.7)</b>	<b>825.2</b>	<b>833.2</b>	<b>7.9</b>	<b>12.0%</b>	<b>89.0</b>	<b>818.4</b>	<b>826.5</b>	<b>8.1</b>	<b>-0.8%</b>	<b>(6.7)</b>
Personal Income Tax	2,241.8	2,207.6	(34.2)	-12.2%	(307.2)	2,013.7	2,034.8	21.1	-7.8%	(172.8)	2,068.2	2,114.6	46.4	3.9%	79.8
Gross Corporate Income Tax	534.8	534.7	(0.1)	-0.8%	(4.6)	526.3	540.9	14.7	1.2%	6.2	508.1	539.3	31.2	-0.3%	(1.6)
Pass-Through Entity Income Tax <sup>1</sup>	190.2	190.2	-	-	190.2	327.0	357.5	30.5	87.9%	167.3	335.7	370.5	34.8	3.6%	13.0
CIT Refundable Credits	(102.2)	(102.2)	-	2.0%	(2.0)	(188.6)	(188.6)	(0.0)	84.6%	(86.4)	(179.1)	(179.1)	(0.0)	-5.0%	9.5
Total Corporate Income Tax	622.8	627.2	4.3	42.8%	188.1	664.6	709.8	45.2	13.2%	82.6	664.7	730.7	66.0	2.9%	20.9
<b>TOTAL INCOME TAXES</b>	<b>2,864.6</b>	<b>2,834.7</b>	<b>(29.9)</b>	<b>-4.0%</b>	<b>(119.1)</b>	<b>2,678.3</b>	<b>2,744.6</b>	<b>66.3</b>	<b>-3.2%</b>	<b>(90.1)</b>	<b>2,732.9</b>	<b>2,845.3</b>	<b>112.4</b>	<b>3.7%</b>	<b>100.7</b>
Gross Oil and Gas School Tax	1,829.2	1,810.6	(18.6)	-8.9%	(177.2)	1,917.5	1,778.8	(138.7)	-1.8%	(31.7)	2,017.4	1,923.4	(94.0)	8.1%	144.6
Excess to TSR or Early Childhood Trust Fund	(683.8)	(665.2)	18.6	-42.1%	484.6	(517.3)	(382.6)	134.7	-42.5%	282.6	(344.7)	(282.3)	62.4	-26.2%	100.3
Excess to STPF	-	-	-	-	-	(254.8)	(251.0)	3.8	-	(251.0)	(527.3)	(495.9)	31.4	97.6%	(244.9)
NET Oil & Gas School Tax	1,145.4	1,145.4	0.0	36.7%	307.4	1,145.4	1,145.4	-	0.0%	-	1,145.4	1,145.4	-	0.0%	-
Oil Conservation Tax	105.3	106.2	0.9	-3.4%	(3.8)	109.2	101.6	(7.6)	-4.4%	(4.6)	113.2	98.8	(14.4)	-2.7%	(2.7)
Resources Excise Tax	7.9	7.9	(0.0)	-14.5%	(1.3)	8.0	7.9	(0.1)	0.9%	0.1	8.0	7.9	(0.1)	0.1%	0.0
Natural Gas Processors Tax	52.4	53.5	1.1	52.4%	18.4	25.4	24.9	(0.5)	-53.5%	(28.6)	24.9	21.9	(3.0)	-12.0%	(3.0)
<b>TOTAL SEVERANCE TAXES</b>	<b>1,311.0</b>	<b>1,313.0</b>	<b>2.0</b>	<b>32.3%</b>	<b>320.7</b>	<b>1,288.0</b>	<b>1,279.8</b>	<b>(8.2)</b>	<b>-2.5%</b>	<b>(33.2)</b>	<b>1,291.5</b>	<b>1,274.0</b>	<b>(17.4)</b>	<b>-0.4%</b>	<b>(5.7)</b>
<b>LICENSE FEES</b>	<b>67.1</b>	<b>72.8</b>	<b>5.8</b>	<b>14.3%</b>	<b>9.1</b>	<b>63.2</b>	<b>64.3</b>	<b>1.1</b>	<b>-11.8%</b>	<b>(8.6)</b>	<b>63.5</b>	<b>64.1</b>	<b>0.7</b>	<b>-0.2%</b>	<b>(0.1)</b>
LGPF Interest	1,203.3	1,207.0	3.7	35.4%	315.6	1,341.6	1,349.9	8.3	11.8%	142.9	1,484.6	1,493.1	8.5	10.6%	143.2
STO Interest	390.0	390.5	0.5	115.3%	209.1	313.3	417.7	104.4	7.0%	27.2	265.3	279.7	14.4	-17.3%	(138.0)
STPF Interest	289.6	289.6	0.0	9.0%	23.8	332.8	332.8	-	14.9%	43.2	375.4	373.5	(1.9)	12.2%	40.7
<b>TOTAL INTEREST</b>	<b>1,882.9</b>	<b>1,887.1</b>	<b>4.2</b>	<b>41.0%</b>	<b>548.5</b>	<b>1,987.7</b>	<b>2,100.4</b>	<b>112.7</b>	<b>11.3%</b>	<b>213.3</b>	<b>2,125.3</b>	<b>2,146.3</b>	<b>21.0</b>	<b>2.2%</b>	<b>45.9</b>
Gross Federal Mineral Leasing	2,815.3	2,824.7	9.4	-11.5%	(367.6)	2,859.8	2,725.9	(133.9)	-3.5%	(98.8)	2,934.1	2,845.3	(88.8)	4.4%	119.4
Excess to Early Childhood Trust Fund	(1,170.4)	(1,179.8)	(9.4)	-43.1%	893.2	(881.2)	(745.4)	135.8	-36.8%	434.4	(547.0)	(483.1)	63.9	-35.2%	262.3
Excess to STPF	-	-	-	-	-	(333.7)	(335.6)	(1.9)	-	(335.6)	(742.2)	(717.3)	24.9	113.8%	(381.8)
NET Federal Mineral Leasing	1,644.9	1,644.9	-	46.9%	525.5	1,644.9	1,644.9	-	0.0%	(0.0)	1,644.9	1,644.9	-	0.0%	-
State Land Office	117.8	117.8	(0.0)	52.0%	40.3	71.3	71.3	-	-39.4%	(46.4)	74.3	74.3	-	4.2%	3.0
<b>TOTAL RENTS &amp; ROYALTIES</b>	<b>1,762.7</b>	<b>1,762.7</b>	<b>(0.0)</b>	<b>47.3%</b>	<b>565.8</b>	<b>1,716.2</b>	<b>1,716.2</b>	<b>-</b>	<b>-2.6%</b>	<b>(46.5)</b>	<b>1,719.2</b>	<b>1,719.2</b>	<b>-</b>	<b>0.2%</b>	<b>3.0</b>
TRIBAL REVENUE SHARING	81.1	83.6	2.5	7.0%	5.4	82.0	84.0	2.0	0.5%	0.4	83.1	85.4	2.3	1.7%	1.4
MISCELLANEOUS RECEIPTS	63.8	77.9	14.2	66.7%	31.2	47.1	47.1	0.0	-39.6%	(30.8)	48.0	47.6	(0.4)	1.0%	0.5
REVERSIONS <sup>2</sup>	125.0	142.5	17.5	29.0%	32.0	100.0	100.0	-	-29.8%	(42.5)	100.0	100.0	-	0.0%	-
<b>TOTAL RECURRING</b>	<b>13,036.4</b>	<b>13,050.2</b>	<b>13.8</b>	<b>12.6%</b>	<b>1,460.5</b>	<b>13,016.6</b>	<b>13,263.9</b>	<b>247.3</b>	<b>1.6%</b>	<b>213.7</b>	<b>13,381.7</b>	<b>13,614.4</b>	<b>232.7</b>	<b>2.6%</b>	<b>350.5</b>
Other Nonrecurring Revenue	-	4.6	-	-	4.6	-	-	-	-	-	-	-	-	-	-
2023 Nonrecurring Legislation	(9.9)	(9.8)	0.1	-98.6%	684.8	-	-	-	-	9.8	-	-	-	-	-
2022 Nonrecurring Legislation	(4.7)	(4.5)	0.2	-94.4%	76.4	-	-	-	-	4.5	-	-	-	-	-
Other Nonrecurring Reversions	-	149.6	149.6	95.5%	73.1	-	-	-	-	(149.6)	-	-	-	-	-
<b>TOTAL NONRECURRING</b>	<b>(14.6)</b>	<b>139.8</b>	<b>154.4</b>	<b>-120.0%</b>	<b>839.4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1.0)</b>	<b>(139.8)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>GRAND TOTAL General Fund</b>	<b>13,021.8</b>	<b>13,190.0</b>	<b>168.2</b>	<b>21.1%</b>	<b>2,299.9</b>	<b>13,016.6</b>	<b>13,263.9</b>	<b>247.3</b>	<b>0.6%</b>	<b>73.9</b>	<b>13,381.7</b>	<b>13,614.4</b>	<b>232.7</b>	<b>2.6%</b>	<b>350.5</b>

<sup>1</sup>Legislative and administrative changes to the pass-through entity income tax changed how those receipts accrue to the general fund. Beginning tax year 2023, those receipts will accrue alongside corporate income tax receipts. The estimates presented here reflect estimates of pass-through entity income tax receipts according to that change.

<sup>2</sup>FY24 reversions include prior year reversions from the HCA and DOH of \$31 million and \$28 million, respectively.

# Appendix 1b:

## General Fund Consensus Revenue Estimate - December 2024

Revenue Source	FY27					FY28					FY29				
	Aug 24 Est.	Dec 24 Est.	Change From Prior (Aug 24)	% Change from FY26	\$ Change from FY26	Aug 24 Est.	Dec 24 Est.	Change From Prior (Aug 24)	% Change from FY27	\$ Change from FY27	Aug 24 Est.	Dec 24 Est.	Change From Prior (Aug 24)	% Change from FY28	\$ Change from FY28
<i>Base Gross Receipts Tax</i>	4,539.5	4,648.4	108.9	3.1%	141.7	4,684.4	4,771.0	86.6	2.6%	122.6	4,840.0	4,926.7	86.6	3.3%	155.6
<i>F&amp;M Hold Harmless Payments</i>	(76.3)	(81.9)	(5.6)	-9.3%	8.4	(67.6)	(73.1)	(5.5)	-10.7%	8.8	(58.5)	(64.0)	(5.5)	-12.5%	9.2
NET Gross Receipts Tax	4,463.2	4,566.5	103.3	3.4%	150.1	4,616.8	4,697.9	81.1	2.9%	131.4	4,781.5	4,862.7	81.2	3.5%	164.8
Compensating Tax	100.0	92.6	(7.4)	3.4%	3.1	103.1	95.5	(7.6)	3.1%	2.9	106.4	98.6	(7.8)	3.2%	3.1
<b>TOTAL GENERAL SALES</b>	<b>4,563.2</b>	<b>4,659.1</b>	<b>95.9</b>	<b>3.4%</b>	<b>153.2</b>	<b>4,719.9</b>	<b>4,793.4</b>	<b>73.5</b>	<b>2.9%</b>	<b>134.3</b>	<b>4,887.9</b>	<b>4,961.2</b>	<b>73.3</b>	<b>3.5%</b>	<b>167.9</b>
Tobacco Products and Cigarette Taxes	69.2	68.0	(1.2)	-1.2%	(0.8)	69.7	67.5	(2.2)	-0.7%	(0.5)	71.2	67.4	(3.8)	-0.1%	(0.1)
Liquor Excise	25.1	25.0	(0.1)	1.1%	0.3	25.4	25.3	(0.1)	1.0%	0.2	25.7	25.5	(0.2)	1.1%	0.3
Cannabis Excise	45.1	37.3	(7.8)	6.7%	2.4	49.2	39.7	(9.5)	6.3%	2.4	52.0	41.1	(10.9)	3.5%	1.4
Insurance Taxes	455.8	467.2	11.4	3.5%	15.7	470.8	484.3	13.5	3.7%	17.1	484.9	500.8	15.9	3.4%	16.5
Motor Vehicle Excise	173.2	181.6	8.4	2.2%	4.0	177.7	184.4	6.7	1.6%	2.8	182.7	188.8	6.1	2.4%	4.4
Gaming Excise	66.9	66.4	(0.5)	3.4%	2.2	67.0	66.5	(0.5)	0.2%	0.1	67.0	66.7	(0.3)	0.3%	0.2
Leased Vehicle & Other	4.3	4.6	0.3	-2.1%	(0.1)	4.4	4.7	0.3	2.2%	0.1	4.4	4.8	0.4	2.1%	0.1
<b>TOTAL SELECTIVE SALES</b>	<b>839.6</b>	<b>850.1</b>	<b>10.5</b>	<b>2.9%</b>	<b>23.6</b>	<b>864.2</b>	<b>872.3</b>	<b>8.1</b>	<b>2.6%</b>	<b>22.2</b>	<b>887.9</b>	<b>895.1</b>	<b>7.2</b>	<b>2.6%</b>	<b>22.8</b>
Personal Income Tax	2,126.8	2,195.4	68.6	3.8%	80.8	2,190.4	2,273.0	82.6	3.5%	77.6	2,265.7	2,365.5	99.8	4.1%	92.5
<i>Gross Corporate Income Tax</i>	<i>511.9</i>	<i>546.5</i>	<i>34.6</i>	<i>1.3%</i>	<i>7.1</i>	<i>523.2</i>	<i>551.2</i>	<i>28.0</i>	<i>0.9%</i>	<i>4.8</i>	<i>544.2</i>	<i>566.3</i>	<i>22.1</i>	<i>2.7%</i>	<i>15.0</i>
<i>Pass-Through Entity Income Tax<sup>1</sup></i>	<i>347.0</i>	<i>386.0</i>	<i>39.0</i>	<i>4.2%</i>	<i>15.5</i>	<i>359.3</i>	<i>399.9</i>	<i>40.6</i>	<i>3.6%</i>	<i>13.9</i>	<i>370.7</i>	<i>412.7</i>	<i>42.0</i>	<i>3.2%</i>	<i>12.8</i>
<i>CIT Refundable Credits</i>	<i>(191.3)</i>	<i>(191.3)</i>	<i>0.0</i>	<i>6.8%</i>	<i>(12.2)</i>	<i>(205.1)</i>	<i>(205.1)</i>	<i>(0.0)</i>	<i>7.2%</i>	<i>(13.9)</i>	<i>(220.8)</i>	<i>(220.8)</i>	<i>(0.0)</i>	<i>7.6%</i>	<i>(15.7)</i>
Total Corporate Income Tax	667.6	741.2	73.6	1.4%	10.5	677.4	746.0	68.6	0.7%	4.8	694.1	758.2	64.1	1.6%	12.1
<b>TOTAL INCOME TAXES</b>	<b>2,794.4</b>	<b>2,936.6</b>	<b>142.2</b>	<b>3.2%</b>	<b>91.3</b>	<b>2,867.8</b>	<b>3,019.0</b>	<b>151.2</b>	<b>2.8%</b>	<b>82.4</b>	<b>2,959.8</b>	<b>3,123.7</b>	<b>163.9</b>	<b>3.5%</b>	<b>104.6</b>
<i>Gross Oil and Gas School Tax</i>	<i>2,046.3</i>	<i>2,065.7</i>	<i>19.4</i>	<i>7.4%</i>	<i>142.3</i>	<i>2,076.4</i>	<i>2,131.6</i>	<i>55.2</i>	<i>3.2%</i>	<i>65.9</i>	<i>2,121.2</i>	<i>2,172.5</i>	<i>51.3</i>	<i>1.9%</i>	<i>41.0</i>
<i>Excess to TSR or Early Childhood Trust Fund</i>	<i>(122.8)</i>	<i>(122.3)</i>	<i>(0.5)</i>	<i>-31.9%</i>	<i>90.0</i>	<i>(116.7)</i>	<i>(218.2)</i>	<i>(101.5)</i>	<i>13.5%</i>	<i>(25.9)</i>	<i>(143.9)</i>	<i>(230.4)</i>	<i>(86.6)</i>	<i>5.6%</i>	<i>(12.2)</i>
<i>Excess to STPF</i>	<i>(778.2)</i>	<i>(728.0)</i>	<i>50.2</i>	<i>46.8%</i>	<i>(232.1)</i>	<i>(814.3)</i>	<i>(768.0)</i>	<i>46.3</i>	<i>5.5%</i>	<i>(40.0)</i>	<i>(832.0)</i>	<i>(796.7)</i>	<i>35.3</i>	<i>3.7%</i>	<i>(28.7)</i>
NET Oil & Gas School Tax	1,145.4	1,145.4	-	0.0%	-	1,145.4	1,145.4	-	0.0%	-	1,145.4	1,145.4	-	0.0%	-
Oil Conservation Tax	105.1	106.0	0.9	7.3%	7.2	106.7	119.0	12.3	12.3%	13.0	118.2	121.1	2.9	1.8%	2.1
Resources Excise Tax	8.1	7.7	(0.4)	-3.5%	(0.3)	8.2	7.7	(0.5)	0.1%	0.0	8.3	7.7	(0.6)	0.1%	0.0
Natural Gas Processors Tax	32.7	27.4	(5.3)	25.1%	5.5	37.1	33.5	(3.6)	22.3%	6.1	36.9	35.5	(1.4)	6.0%	2.0
<b>TOTAL SEVERANCE TAXES</b>	<b>1,291.3</b>	<b>1,286.5</b>	<b>(4.8)</b>	<b>1.0%</b>	<b>12.4</b>	<b>1,297.4</b>	<b>1,305.6</b>	<b>8.2</b>	<b>1.5%</b>	<b>19.1</b>	<b>1,308.8</b>	<b>1,309.7</b>	<b>0.9</b>	<b>0.3%</b>	<b>4.1</b>
<b>LICENSE FEES</b>	<b>63.6</b>	<b>64.4</b>	<b>0.8</b>	<b>0.4%</b>	<b>0.3</b>	<b>64.0</b>	<b>65.0</b>	<b>0.9</b>	<b>0.9%</b>	<b>0.5</b>	<b>64.3</b>	<b>65.3</b>	<b>1.1</b>	<b>0.6%</b>	<b>0.4</b>
LGPF Interest	1,642.7	1,649.6	6.9	10.5%	156.5	1,792.3	1,795.9	3.6	8.9%	146.3	1,980.2	1,980.1	(0.1)	10.3%	184.2
STO Interest	232.0	262.8	30.8	1.5%	(16.9)	283.7	264.9	(18.8)	0.8%	2.1	292.9	267.8	(25.1)	1.1%	2.9
STPF Interest	425.2	423.0	(2.2)	13.3%	49.5	481.8	480.0	(1.8)	13.5%	57.0	551.3	550.5	(0.8)	14.7%	70.5
<b>TOTAL INTEREST</b>	<b>2,299.9</b>	<b>2,335.4</b>	<b>35.5</b>	<b>8.8%</b>	<b>189.1</b>	<b>2,557.8</b>	<b>2,540.8</b>	<b>(17.0)</b>	<b>8.8%</b>	<b>205.4</b>	<b>2,824.4</b>	<b>2,798.4</b>	<b>(26.0)</b>	<b>10.1%</b>	<b>257.6</b>
<i>Gross Federal Mineral Leasing</i>	<i>2,986.3</i>	<i>3,056.6</i>	<i>70.3</i>	<i>7.4%</i>	<i>211.3</i>	<i>3,030.6</i>	<i>3,180.4</i>	<i>149.8</i>	<i>4.1%</i>	<i>123.8</i>	<i>3,087.2</i>	<i>3,246.4</i>	<i>159.2</i>	<i>2.1%</i>	<i>66.0</i>
<i>Excess to Early Childhood Trust Fund</i>	<i>(174.7)</i>	<i>(287.6)</i>	<i>(112.9)</i>	<i>-40.5%</i>	<i>195.5</i>	<i>(73.1)</i>	<i>(251.4)</i>	<i>(178.4)</i>	<i>-12.6%</i>	<i>36.2</i>	<i>(162.0)</i>	<i>(319.9)</i>	<i>(157.9)</i>	<i>27.2%</i>	<i>(68.4)</i>
<i>Excess to STPF</i>	<i>(1,166.8)</i>	<i>(1,124.1)</i>	<i>42.7</i>	<i>56.7%</i>	<i>(406.8)</i>	<i>(1,312.7)</i>	<i>(1,284.1)</i>	<i>28.6</i>	<i>14.2%</i>	<i>(160.0)</i>	<i>(1,280.3)</i>	<i>(1,281.7)</i>	<i>(1.3)</i>	<i>-0.2%</i>	<i>2.4</i>
NET Federal Mineral Leasing	1,644.9	1,644.9	-	0.0%	-	1,644.9	1,644.9	-	0.0%	-	1,644.9	1,644.9	-	0.0%	-
State Land Office	77.1	77.1	-	3.8%	2.8	80.1	80.1	-	3.8%	3.0	82.8	82.8	-	3.4%	2.7
<b>TOTAL RENTS &amp; ROYALTIES</b>	<b>1,722.0</b>	<b>1,722.0</b>	<b>-</b>	<b>0.2%</b>	<b>2.8</b>	<b>1,725.0</b>	<b>1,725.0</b>	<b>-</b>	<b>0.2%</b>	<b>3.0</b>	<b>1,727.7</b>	<b>1,727.7</b>	<b>-</b>	<b>0.2%</b>	<b>2.7</b>
TRIBAL REVENUE SHARING	84.2	87.0	2.8	1.9%	1.6	85.4	88.5	3.1	1.7%	1.5	86.5	90.1	3.6	1.8%	1.6
MISCELLANEOUS RECEIPTS	49.5	49.0	(0.6)	3.0%	1.4	51.1	50.5	(0.6)	3.1%	1.5	51.8	51.2	(0.6)	1.4%	0.7
REVERSIONS <sup>2</sup>	100.0	100.0	-	0.0%	-	100.0	100.0	-	0.0%	-	100.0	100.0	-	0.0%	-
<b>TOTAL RECURRING</b>	<b>13,807.7</b>	<b>14,090.1</b>	<b>282.4</b>	<b>3.5%</b>	<b>475.7</b>	<b>14,332.5</b>	<b>14,560.0</b>	<b>227.5</b>	<b>3.3%</b>	<b>469.9</b>	<b>14,899.0</b>	<b>15,122.4</b>	<b>223.3</b>	<b>3.9%</b>	<b>562.3</b>
<i>Other Nonrecurring Revenue</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>2023 Nonrecurring Legislation</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>2022 Nonrecurring Legislation</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Other Nonrecurring Reversions</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL NONRECURRING</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>GRAND TOTAL General Fund</b>	<b>13,807.7</b>	<b>14,090.1</b>	<b>282.4</b>	<b>3.5%</b>	<b>475.7</b>	<b>14,332.5</b>	<b>14,560.0</b>	<b>227.5</b>	<b>3.3%</b>	<b>469.9</b>	<b>14,899.0</b>	<b>15,122.4</b>	<b>223.3</b>	<b>3.9%</b>	<b>562.3</b>

<sup>1</sup> Legislative and administrative changes to the pass-through entity income tax changed how those receipts accrue to the general fund. Beginning tax year 2023, those receipts will accrue alongside corporate income tax receipts. The estimates presented here reflect estimates of pass-through entity income tax receipts according to that change.

<sup>2</sup> FY24 reversions include prior year reversions from the HCA and DOH of \$31 million and \$28 million, respectively.



# Appendix 2: Economic Indicators

## U.S. and New Mexico Economic Indicators

		FY24		FY25		FY26		FY27		FY28		FY29	
		Aug 24 Forecast	Dec 24 Forecast	Aug 24 Forecast	Dec 24 Forecast	Aug 24 Forecast	Dec 24 Forecast	Aug 24 Forecast	Dec 24 Forecast	Aug 24 Forecast	Dec 24 Forecast	Aug 24 Forecast	Dec 24 Forecast
<b>National Economic Indicators</b>													
S&P Global	US Real GDP Growth (annual avg., % YOY)*	2.9	2.9	1.5	2.7	1.7	2.1	1.7	1.8	1.8	1.7	1.8	1.8
Moody's	US Real GDP Growth (annual avg., % YOY)*	2.9	3.1	1.7	2.3	1.8	2.2	2.0	2.0	2.3	2.2	2.4	2.3
S&P Global	US Inflation Rate (CPI-U, annual avg., % YOY)**	3.0	2.8	2.0	2.5	2.8	2.2	1.9	2.1	2.3	2.4	2.3	2.2
Moody's	US Inflation Rate (CPI-U, annual avg., % YOY)**	3.3	3.3	2.8	2.4	2.4	2.5	2.3	2.4	2.2	2.3	2.2	2.3
S&P Global	Federal Funds Rate (%)	5.3	5.0	4.9	5.2	3.4	3.8	2.4	2.6	2.4	2.6	2.4	2.6
Moody's	Federal Funds Rate (%)	5.3	5.3	4.8	4.6	3.7	3.4	3.0	3.0	2.9	3.0	2.9	3.0
<b>New Mexico Labor Market and Income Data</b>													
BBER	NM Non-Agricultural Employment Growth (%)	1.6	2.0	0.9	1.2	0.4	0.5	0.3	0.2	0.4	0.2	0.6	0.5
Moody's	NM Non-Agricultural Employment Growth (%)	1.8	1.8	1.2	1.2	0.4	0.5	0.1	0.1	0.0	0.0	0.1	0.0
BBER	NM Nominal Personal Income Growth (%)***	3.8	3.9	4.7	4.8	5.1	5.0	4.7	4.8	4.5	4.6	4.8	4.7
Moody's	NM Nominal Personal Income Growth (%)***	4.0	3.9	5.0	4.4	4.3	4.3	4.2	4.2	4.3	4.1	4.3	4.2
BBER	NM Total Wages & Salaries Growth (%)	6.6	6.9	4.1	4.8	4.2	4.4	3.8	4.1	3.6	3.7	4.1	4.2
Moody's	NM Total Wages & Salaries Growth (%)	7.1	6.9	5.3	4.7	4.0	4.1	3.7	3.8	3.6	3.7	3.6	3.6
BBER	NM Private Wages & Salaries Growth (%)	6.2	6.4	3.9	4.6	4.3	4.5	3.9	4.2	3.7	3.8	4.3	4.4
BBER	NM Real Gross State Product (% YOY)	3.6	4.6	1.5	1.4	1.2	1.4	1.5	1.7	1.5	1.7	1.3	1.6
Moody's	NM Real Gross State Product (% YOY)	3.7	4.6	1.5	1.4	1.4	1.7	1.5	1.6	1.7	1.6	1.7	1.6
CREG	NM Gross Oil Price (\$/barrel)	\$78.50	\$78.50	\$76.50	\$70.50	\$71.50	\$68.00	\$69.00	\$70.00	\$70.00	\$70.50	\$70.50	\$71.50
CREG	NM Net Oil Price (\$/barrel)*****	\$68.92	\$69.01	\$67.17	\$61.83	\$62.78	\$59.64	\$60.58	\$61.39	\$61.46	\$61.83	\$61.90	\$62.71
BBER	Oil Volumes (million barrels)	702	709	706	716	703	714	691	718	690	720	691	721
CREG	NM Taxable Oil Volumes (million barrels)	705	710	735	745	790	780	815	810	815	835	825	835
	NM Taxable Oil Volumes (%YOY growth)	7.1%		4.3%		7.5%		3.2%		0.0%		1.2%	
CREG	NM Gross Gas Price (\$ per thousand cubic feet)****	\$3.20	\$3.16	\$3.57	\$3.29	\$4.20	\$4.26	\$4.36	\$4.50	\$4.39	\$4.45	\$4.46	\$4.46
CREG	NM Net Gas Price (\$ per thousand cubic feet)*****	\$2.10	\$2.07	\$2.45	\$2.21	\$2.97	\$3.02	\$3.11	\$3.22	\$3.13	\$3.18	\$3.20	\$3.19
BBER	Gas Volumes (billion cubic feet)	3,593	3,566	3,655	3,667	3,641	3,655	3,620	3,653	3,618	3,656	3,618	3,655
CREG	NM Taxable Gas Volumes (billion cubic feet)	3,540	3,570	3,685	3,680	3,825	3,775	3,940	3,855	3,975	3,955	4,000	4,085
	NM Taxable Gas Volumes (%YOY growth)	9.4%		4.1%		3.8%		3.0%		0.9%		0.6%	

### Notes

\* Real GDP is BEA chained 2017 dollars, billions, annual rate

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

\*\*\*\*The gross gas prices are estimated using a formula of NYMEX, EIA, and S&P Global 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 - July 2023 FOR-UNM baseline. S&P Global Insight - July 2023 baseline.

### DFA Notes

\* Real GDP is BEA chained 2012 dollars, billions, annual rate

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

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

\*\*\*\*The gross gas prices are estimated using a formula of NYMEX, EIA, and 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: Moody's baseline

# Appendix 3: Sources and Uses

Sources and Uses of Bonding Capacity Available for Authorization and Severance Tax Permanent Fund Transfer (in millions) December 2024						
Sources of Funds	FY25	FY26	FY27	FY28	FY29	5-Year
General Obligation Bonds		\$365.2		\$365.2		\$730.4
<b>Senior STBs</b>	<b>\$1,114.8</b>	<b>\$1,125.8</b>	<b>\$1,166.2</b>	<b>\$1,213.4</b>	<b>\$1,223.4</b>	<b>\$5,843.5</b>
Severance Tax Bonds Issued <sup>1</sup>	\$385.0	\$385.0	\$385.0	\$385.0	\$385.0	\$1,925.0
Severance Tax Notes	\$729.8	\$740.8	\$781.2	\$828.4	\$838.4	\$3,918.5
<b>Supplemental STBs</b>	<b>\$751.0</b>	<b>\$751.0</b>	<b>\$814.7</b>	<b>\$877.3</b>	<b>\$910.4</b>	<b>\$4,104.4</b>
Supplemental Severance Tax Bonds	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Supplemental Severance Tax Notes	\$751.0	\$751.0	\$814.7	\$877.3	\$910.4	\$4,104.4
<b>TOTAL Sources of STB Funds</b>	<b>\$1,865.8</b>	<b>\$1,876.8</b>	<b>\$1,980.8</b>	<b>\$2,090.7</b>	<b>\$2,133.8</b>	<b>\$9,947.9</b>
Uses of Funds	FY25	FY26	FY27	FY28	FY29	5-Year
General Obligation Bonds		\$365.2		\$365.2		\$730.4
<b>Senior Severance Tax Bonds</b>	<b>\$1,865.8</b>	<b>\$1,876.8</b>	<b>\$1,980.8</b>	<b>\$2,090.7</b>	<b>\$2,133.8</b>	<b>\$9,947.9</b>
<u>Authorized but Unissued STB Projects</u>	\$350.0	\$0.0	\$0.0	\$0.0	\$0.0	\$350.0
<u>Earmark Programs</u>						
9.0% of Senior STB for Water Projects	\$161.1	\$162.1	\$165.8	\$170.0	\$170.9	\$830.0
4.5% of Senior STB for Colonias Projects	\$80.6	\$81.1	\$82.9	\$85.0	\$85.5	\$415.0
4.5% of Senior STB for Tribal Projects	\$80.6	\$81.1	\$82.9	\$85.0	\$85.5	\$415.0
2.5% Housing Trust Fund Projects	\$44.8	\$45.0	\$46.0	\$47.2	\$47.5	\$230.5
<u>Capital Development Reserve &amp; Program Funds<sup>2</sup></u>						
Capital Dev. Program Fund Projects	\$23.8	\$26.0	\$29.6	\$38.3	\$51.4	\$169.1
Capital Dev. & Reserve Fund Distribution	\$81.6	\$163.3	\$244.9	\$326.6	\$408.2	\$1,224.6
<u>New Senior STB Statewide Capital Projects</u>	\$292.3	\$567.2	\$514.0	\$461.2	\$374.5	\$2,209.3
<b>PSCOC Public School Capital</b>	<b>\$751.0</b>	<b>\$751.0</b>	<b>\$814.7</b>	<b>\$877.3</b>	<b>\$910.4</b>	<b>\$4,104.4</b>
<b>TOTAL STB Uses of Funds</b>	<b>\$1,865.8</b>	<b>\$1,876.8</b>	<b>\$1,980.8</b>	<b>\$2,090.7</b>	<b>\$2,133.8</b>	<b>\$9,947.9</b>
Estimated Transfer to Severance Tax Permanent Fund						
	FY25	FY26	FY27	FY28	FY29	5-Year
Severance Tax Permanent Fund Transfer	\$569.3	\$510.4	\$538.6	\$483.6	\$467.9	\$2,569.8

<sup>1</sup> Statutory capacity is estimated to be \$1,060.7 million annually. Per HB 253 (2024), the State Board of Finance shall issue an amount that will maintain stable debt metrics, including debt per capita and debt as a percentage of personal income. The State Board of Finance has calculated the "capped" debt capacity to be \$385 million

<sup>2</sup> Per HB 253 (2024), SBOF shall distribute any cash savings resulting from reduced long-term bond issuance (also known as debt service savings) annually to the newly established Capital Development and Reserve Fund. Based on statutory capacity of \$1,060.7 million and capped capacity of \$385 million, average annual debt service savings are estimated to total \$81.64 million, which is applied for 10 years, compounding each year in which debt service savings are realized. This analysis assumes savings will be realized each year. Additionally, on January 1 of each year, a distribution from the Capital Development Reserve fund will be made to the Capital Development Program Fund for small project and design and engineering appropriation.

# Appendix 4: GFFS

## DFA GENERAL FUND FINANCIAL SUMMARY

December 2024

(Dollars in Millions)

	Est. FY24	Est. FY25	Est. FY26
<b>APPROPRIATION ACCOUNT</b>			
<b>Revenue:</b>			
Recurring Revenue:			
August 2024 Consensus Revenue Estimate	\$ 13,036.3	\$ 13,016.6	\$ 13,381.7
December 2024 Consensus Revenue Update	\$ 13.8	\$ 247.3	\$ 232.7
<b>Subtotal Recurring Revenue</b>	<b>\$ 13,050.2</b>	<b>\$ 13,263.9</b>	<b>\$ 13,614.4</b>
Nonrecurring Revenue			
2024 Legislative Session Nonrecurring Revenue Legislation	\$ 139.8	\$ -	\$ -
<b>Subtotal Nonrecurring Revenue</b>	<b>\$ 139.8</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Revenue</b>	<b>\$ 13,190.0</b>	<b>\$ 13,263.9</b>	<b>\$ 13,614.4</b>
<b>Appropriations:</b>			
Recurring Appropriations:			
2023 Regular Session and Feed Bill	\$ 9,568.6		
2024 Regular Session and Feed Bill	\$ 10.3	\$ 10,219.5	
<b>Subtotal Recurring Appropriations</b>	<b>\$ 9,578.9</b>	<b>\$ 10,219.5</b>	
Nonrecurring:			
2024 Nonrecurring Appropriations (ARPA Appropriations)	\$ 54.5		
2023 Regular Session Nonrecurring Appropriations	\$ 771.4		
2023 Regular Session General Fund Capital	\$ 1,074.0		
2024 Regular Session Nonrecurring Appropriations	\$ 1,225.2	\$ 1,468.0	
2024 Regular Session General Fund Capital	\$ -	\$ 931.6	
2024 Special Session General Fund		\$ 103.0	
<b>Subtotal Nonrecurring Appropriations</b>	<b>\$ 3,070.6</b>	<b>\$ 2,502.6</b>	<b>\$ -</b>
<b>Subtotal Recurring and Nonrecurring Appropriations</b>	<b>\$ 12,649.5</b>	<b>\$ 12,722.1</b>	<b>\$ -</b>
2022 GAA Undistributed Nonrecurring Appropriations			
2023 GAA Undistributed Nonrecurring Appropriations	\$ 428.5		
FY24 Audit Adjustments	\$ 9.5		
<b>Total Appropriations</b>	<b>\$ 13,087.5</b>	<b>\$ 12,722.1</b>	<b>\$ -</b>
Transfers to/(from Operating Reserves)	\$ 102.5	\$ 541.8	

**FY26  
New Money  
\$ 892.3 million  
or 7%  
of  
Total  
Appropriations**

## GENERAL FUND FINANCIAL SUMMARY

Reserve Detail  
(Dollars in Millions)

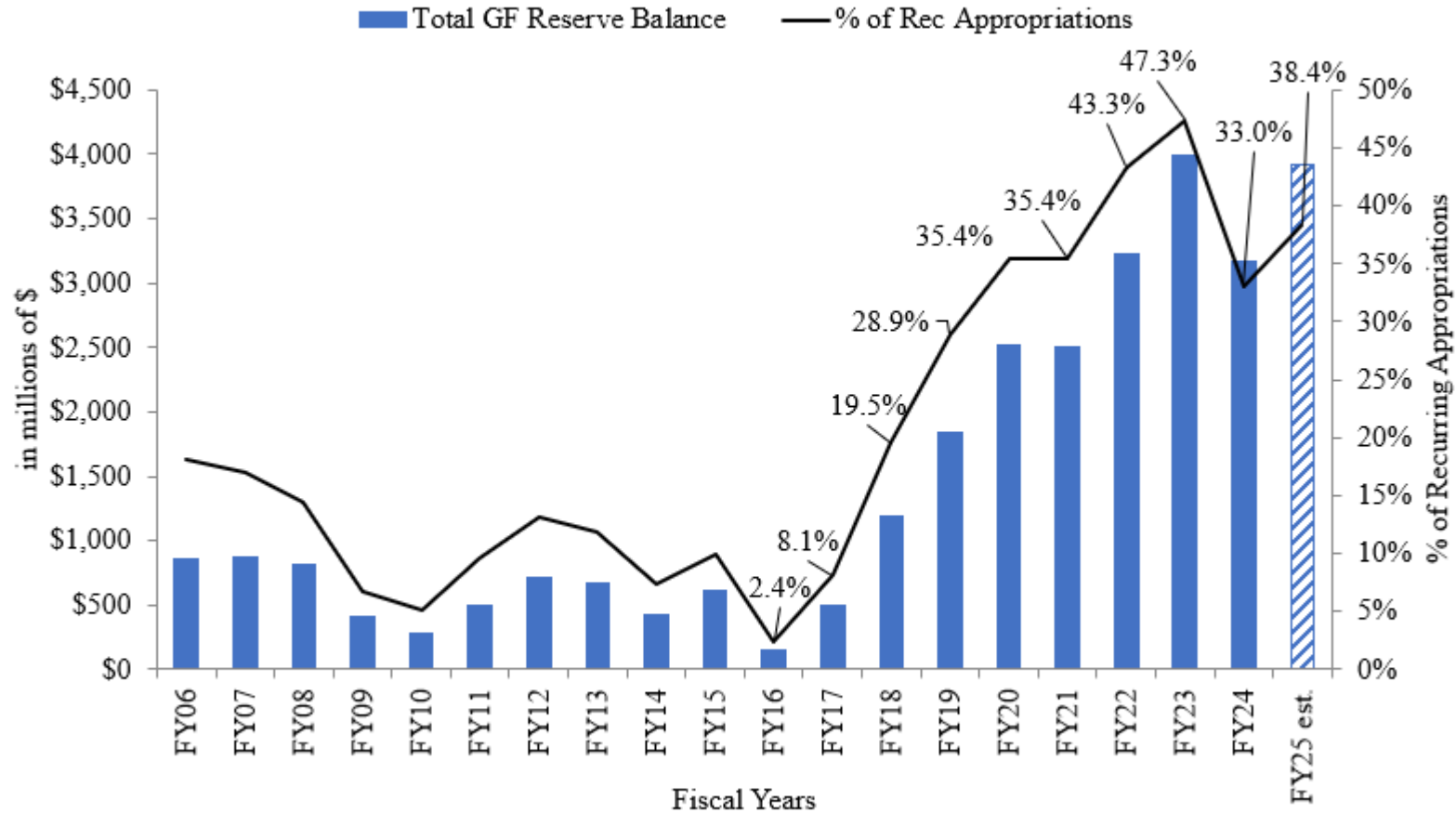
	Est. FY24	Est. FY25	Est. FY26
<b>OPERATING RESERVE</b>			
Beginning Balance	\$ 596.6	\$ 606.6	\$ 766.3
BOF Emergency Appropriations/Reversions	\$ (4.0)	\$ (4.0)	\$ (4.0)
Disaster Allotments	\$ (39.1)	\$ (1.8)	\$ -
Transfers from/to Appropriation Account	\$ 102.5	\$ 541.8	\$ -
Transfers to Tax Stabilization Reserve/Government Results & Opportunity (GRO) Expendable Trust <sup>6</sup>	\$ -	\$ (376.3)	\$ -
Transfers from (to) ACF/Other Appropriations <sup>4</sup>	\$ (50.0)	\$ -	\$ -
Transfers from Tax Stabilization Reserve (1% transfer from TSR)	\$ -	\$ -	\$ -
Transfers from Tax Stabilization Reserve	\$ -	\$ -	\$ -
<b>Ending Balance</b>	<b>\$ 606.6</b>	<b>\$ 766.3</b>	<b>\$ 762.3</b>
<b>APPROPRIATION CONTINGENCY FUND</b>			
Beginning Balance	\$ -	\$ 9.1	\$ 1.1
Disaster Allotments	\$ (56.8)	\$ (16.0)	\$ (16.0)
Other Appropriations	\$ -	\$ -	\$ -
Transfers In <sup>4, 5</sup>	\$ 50.0	\$ -	\$ -
Unearned Federal Funds	\$ 15.9	\$ 8.0	\$ 8.0
Revenue and Reversions	\$ -	\$ -	\$ -
<b>Ending Balance</b>	<b>\$ 9.1</b>	<b>\$ 1.1</b>	<b>\$ (6.9)</b>
<b>STATE SUPPORT RESERVE</b>			
Beginning Balance	\$ 10.4	\$ 0.4	\$ 0.4
Revenues/Transfers	\$ (10.0)	\$ -	\$ -
Appropriations	\$ -	\$ -	\$ -
Impact Aid Liability	\$ -	\$ -	\$ -
<b>Ending Balance</b>	<b>\$ 0.40</b>	<b>\$ 0.4</b>	<b>\$ 0.4</b>
<b>TOBACCO SETTLEMENT PERMANENT FUND</b>			
Beginning Balance	\$ 330.8		
Transfers In	\$ 27.4		
Appropriation to Tobacco Settlement Program Fund	\$ (13.9)		
Gains/Losses	\$ 24.8		
Additional Transfers from TSPF	\$ -		
Transfer to General Fund Appropriation Account	\$ -		
<b>Ending Balance<sup>7</sup></b>	<b>\$ 369.1</b>		
<b>TAX STABILIZATION RESERVE</b>			
Beginning Balance	\$ 3,050.4	\$ 2,179.0	\$ 2,266.2
Revenues In <sup>1</sup>	\$ 665.2	\$ 382.6	\$ 282.3
Transfers In (from Operating Reserve)	\$ -	\$ -	\$ -
Transfer Out to Operating Reserve <sup>3</sup>	\$ -	\$ -	\$ -
Transfers Out to Early Childhood Trust Fund <sup>2</sup>	\$ (665.2)	\$ (382.6)	\$ (282.3)
Gains/Losses	\$ 89.1	\$ 87.2	\$ 90.6
Other appropriations/FY25 Transfer to Higher Education Trust Fund	\$ (960.6)	\$ -	\$ -
Audit Adjustments for Rounding	\$ -	\$ -	\$ -
<b>Ending Balance</b>	<b>\$ 2,179.0</b>	<b>\$ 2,266.2</b>	<b>\$ 2,356.8</b>
<b>Government Results and Opportunity Expendable Trust</b>			
Beginning Balance		\$ 512.2	
Transfers In (from Operating Reserve) <sup>6</sup>		\$ 376.3	
<b>Ending Balance</b>		<b>\$ 888.5</b>	
Emergency Reserves: Rainy Day Fund and TSPF Ending Balances			
Percent of Recurring Appropriations	\$ 2,548.1	\$ 3,154.6	
Other Reserve Fund Ending Balances	26.6%	30.9%	
Percent of Recurring Appropriations	\$ 616.1	\$ 767.8	
Percent of Recurring Appropriations	6%	8%	
<b>Total General Fund Ending Balances</b>	<b>\$ 3,164.2</b>	<b>\$ 3,922.5</b>	
Percent of Recurring Appropriations	33.0%	38.4%	

1. Estimated transfers to TSR from excess oil and gas emergency tax revenues in excess of the rolling five-year average.  
2. Laws 2020, Chapter 3 (HB88) established that if reserve balances exceed 25 percent of recurring appropriations the excess oil and gas emergency tax revenue in excess of the rolling five-year average be distributed to the Early Childhood Trust Fund.  
3. 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.  
4. Laws of 2023, appropriated \$50 million from the operating reserve to the appropriation contingency fund in FY23.  
5. 2021 Second Special session appropriated \$1.069 billion of ARPA funds to a appropriation contingency fund. Remaining unearned federal funds in suspense account are \$54.5 million in FY23.  
6. Laws 2024, HB196 stipulates that when operating reserve fund hits 8 percent of the prior budget year's recurring appropriations, the excess must be transferred to the government results and opportunity (GRO) expendable trust. Under prior law, the excess funds were transferred from the operating reserve to the tax stabilization reserve. Because the bill did not have an effective date, it becomes effective May 15, 2024 - 90 days after the legislature adjourns.  
7. Laws 2024, SB116 removes the Tobacco Settlement Permanent Fund from reserves in FY25.  
**Totals may not sum due to rounding**



# Appendix 5: General Fund Reserves

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



Source: DFA, FCD, CREG

- FY24 general fund reserves ended at \$3.16 billion or 33.0% of recurring appropriations.
- Estimated FY25 general fund reserves are at \$3.92 billion or 38.4% of recurring appropriations.\*
  - (\*pending 2025 legislative appropriations)

# Appendix 6: Other fund forecasts

## Early Childhood Education and Care Fund

	CY20	CY21	CY22	CY23	CY24	CY25	CY26	CY27	CY28	CY29
Beginning Balance	\$ 300.0	\$ 306.1	\$ 314.1	\$ 3,462.0	\$ 5,721.2	\$ 8,752.2	\$ 9,636.2	\$ 10,581.9	\$ 11,198.1	\$ 11,678.1
Gains & Losses	\$ 6.1	\$ 27.9	\$ (7.1)	\$ 336.3	\$ 286.1	\$ 437.6	\$ 481.8	\$ 529.1	\$ 559.9	\$ 583.9
Excess FML	\$ -	\$ -	\$ 1,501.7	\$ 2,073.0	\$ 1,179.8	\$ 745.4	\$ 483.1	\$ 287.6	\$ 251.4	\$ 319.9
Excess OGAS School Tax	\$ -	\$ -	\$ 1,682.8		\$ 1,815.0		\$ 382.6	\$ 282.3	\$ 192.3	\$ 218.2
Distribution to ECE Program Fund		\$ (20.0)	\$ (30.0)	\$ (150.0)	\$ (250.0)	\$ (298.9)	\$ (401.8)	\$ (482.8)	\$ (523.6)	\$ (557.6)
<b>Ending Balance (\$ in millions)</b>	<b>\$ 306.1</b>	<b>\$ 314.1</b>	<b>\$ 3,462.0</b>	<b>\$ 5,721.2</b>	<b>\$ 8,752.2</b>	<b>\$ 9,636.2</b>	<b>\$ 10,581.9</b>	<b>\$ 11,198.1</b>	<b>\$ 11,678.1</b>	<b>\$ 12,242.5</b>

	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29
Distribution to ECE Program Fund	\$ -	\$ 20.0	\$ 30.0	\$ 150.0	\$ 250.0	\$ 298.9	\$ 401.8	\$ 482.8	\$ 523.6

Note: FML and OGAS distributions based on December 2024 Consensus Revenue Forecast

Note: Distribution to ECE Program Fund occurs in FY not CY

Note: 2023's HB191 increased minimum distribution from \$30 million to \$150 million in FY24

Note: 2024's SB153 increased minimum distribution from \$155 million to \$250 million in FY25

Conservation Legacy Permanent Fund (CLPF)	FY24	FY25	FY26	FY27	FY28	FY29	
beginning bal	\$	50,000.00	\$ 354,250.84	\$ 359,250.84	\$ 364,250.84	\$ 369,250.84	\$ 374,250.84
Gains & Losses	\$	4,250.84	\$ 26,568.81	\$ 26,943.81	\$ 27,318.81	\$ 27,693.81	\$ 28,068.81
Distribution to LELF			\$ 21,568.81	\$ 21,943.81	\$ 22,318.81	\$ 22,693.81	\$ 23,068.81
end bal	\$	54,250.84	\$ 359,250.84	\$ 364,250.84	\$ 369,250.84	\$ 374,250.84	\$ 379,250.84

\$ in thousands

Land of Enchantment Legacy Fund (LELF)	FY25	FY26	FY27	FY28	FY29		
beginning bal	\$	50,000.00	\$ 37,813.34	\$ 45,245.61	\$ 51,240.42	\$ 56,130.19	\$ 60,170.44
inflow from CLPF	\$	-	\$ 21,568.81	\$ 21,943.81	\$ 22,318.81	\$ 22,693.81	\$ 23,068.81
Gains & Losses	\$	417.78	\$ 945.33	\$ 1,131.14	\$ 1,281.01	\$ 1,403.25	\$ 1,504.26
bal after inflows	\$	50,417.78	\$ 60,327.48	\$ 68,320.56	\$ 74,840.25	\$ 80,227.25	\$ 84,743.51
Distribution rule from LELF to Agencies	\$	12,604.45	\$ 15,081.87	\$ 17,080.14	\$ 18,710.06	\$ 20,056.81	\$ 21,185.88
ending bal	\$	37,813.34	\$ 45,245.61	\$ 51,240.42	\$ 56,130.19	\$ 60,170.44	\$ 63,557.64

\$ in thousands

Estimated Distributions to Agencies	FY25	FY26 est.	FY27 est.	FY28 est.	FY29 est.	
22.5%	EMNRD: 50% to Forest Conservation Act	\$ 1,418.00	\$ 1,696.71	\$ 1,921.52	\$ 2,104.88	\$ 2,256.39
	EMNRD: 50% to National Heritage Conservation Act	\$ 1,418.00	\$ 1,696.71	\$ 1,921.52	\$ 2,104.88	\$ 2,256.39
22.5%	NMDA: Noxious Weed Mgt Act	\$ 2,836.00	\$ 3,393.42	\$ 3,843.03	\$ 4,209.76	\$ 4,512.78
22.0%	DGF: Support projects under Cultural Properties Protection Act	\$ 2,772.98	\$ 3,318.01	\$ 3,757.63	\$ 4,116.21	\$ 4,412.50
15.0%	EDD: 75% for special projects and programs	\$ 1,418.00	\$ 1,696.71	\$ 1,921.52	\$ 2,104.88	\$ 2,256.39
	EDD: 25% for outdoor equity grant program	\$ 472.67	\$ 565.57	\$ 640.51	\$ 701.63	\$ 752.13
10.0%	NMED: River Stewardship Program	\$ 1,260.44	\$ 1,508.19	\$ 1,708.01	\$ 1,871.01	\$ 2,005.68
8.0%	DCA: Cultural Properties Protection Act	\$ 1,008.36	\$ 1,206.55	\$ 1,366.41	\$ 1,496.80	\$ 1,604.55
100.0%	Total	\$ 12,604.45	\$ 15,081.87	\$ 17,080.14	\$ 18,710.06	\$ 20,056.81

\$ in thousands

## Insurance - Premium Tax and Surtax Revenue - Other State Funds

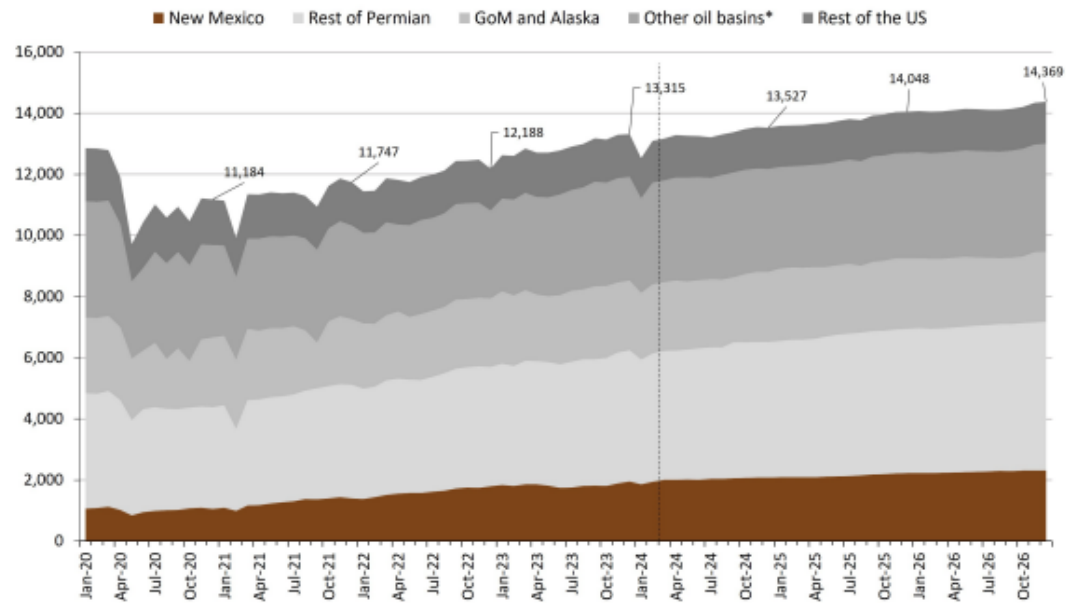
Fund Name	FY25	FY26	FY27	FY28	FY29
Health Care Affordability Fund (HCAF)	\$ 96.3	\$ 214.8	\$ 222.4	\$ 230.9	\$ 236.7
Law Enforcement Protection Fund (LEPF)	\$ 25.9	\$ 30.9	\$ 31.8	\$ 32.7	\$ 33.5
Fire Protection Fund (FPF)	\$ 121.5	\$ 125.6	\$ 130.6	\$ 135.0	\$ 138.8
Emergency Medical Services Fund (EMSF)	\$ 2.6	\$ 13.0	\$ 13.3	\$ 13.7	\$ 14.0

Source: CREG December 2024

# Appendix 7: Rystad Energy: Permian production is still growing – but the pace is decelerating

**Figure 1b: US oil production outlook**

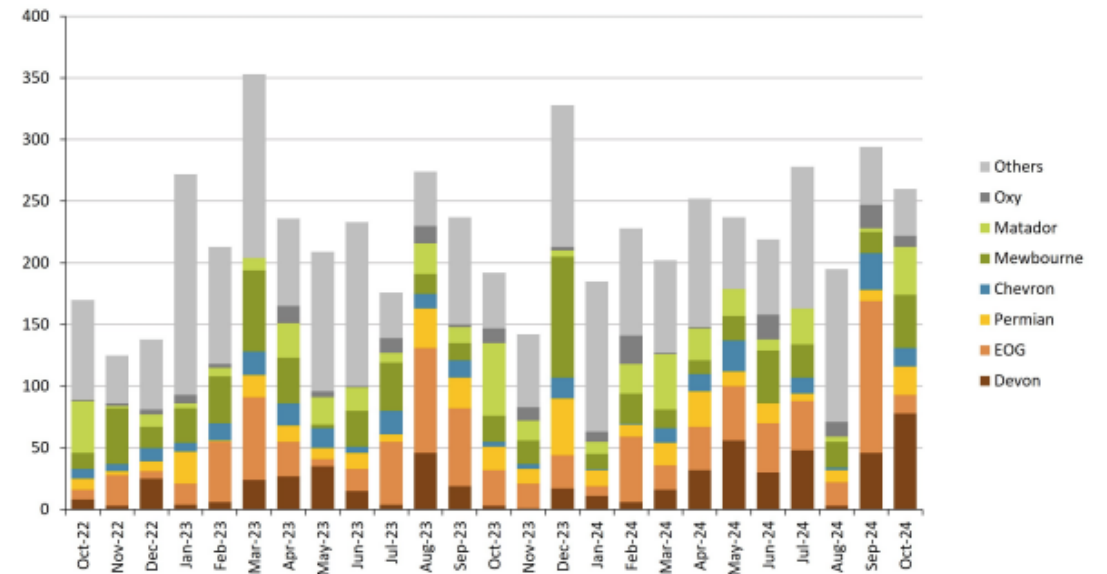
Thousand barrels of oil per day



\*Rockies, Bakken and Eagle Ford  
Source: Rystad Energy research and analysis

**Figure 6: Permian New Mexico horizontal permitting activity**

Number of horizontal permits approved



Source: Rystad Energy ShaleWellCube  
\*Permit count is not complete for October 2024

# Appendix 8a: Moody's Analytics: U.S. Economic Outlook (October 2024)

## Trump Wins, Republicans Sweep Congress: Policy Assumptions

Compiled from public campaign material, proposals taken at face value

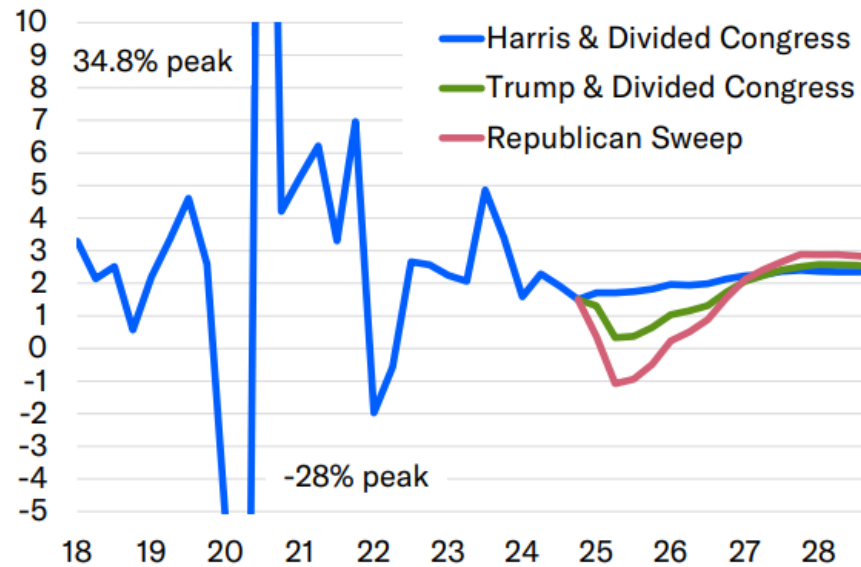
Key policy proposals and scenario assumptions	
<b>Taxes</b>	<ul style="list-style-type: none"><li>• Extend expiring TCJA provisions including personal income tax cuts and corporate tax deductions.</li><li>• <b>Cut the corporate tax rate</b> from 21% to 15%.</li><li>• Effective personal income tax rate holds steady at 9.2% while the effective tax rate on corporations falls from 9% to 6%.</li></ul>
<b>Immigration</b>	<ul style="list-style-type: none"><li>• Embark on the largest expulsion in U.S. history, <b>deporting 1 mil undocumented immigrants per yr</b> during the four-yr term.</li><li>• Enhances border security and reimplements key policies from first term including Title 42 and Remain in Mexico to stem the floor of illegal immigration.</li></ul>
<b>Inflation Reduction Act</b>	<ul style="list-style-type: none"><li>• <b>Rescind additional funding allocated to the IRS (enhanced tax revenue collections).</b></li><li>• <b>Slash clean energy tax credits</b>, such as for electric-vehicles as well as other clean energy investments included in the bill.</li><li>• Cut corporate alternative minimum tax and excise tax on stock repurchases.</li><li>• Maintain prescription drug price reform, prescription drug inflation rebates, caps on maximum out-of-pocket costs for Medicare beneficiaries, postponement of implementation of prescription drug rebate rule, and other health-related provisions as well as ACA subsidies.</li><li>• Maintain IRA funding for the Committee on Agricultural, Nutrition, and Forestry.</li></ul>
<b>Tariffs</b>	<ul style="list-style-type: none"><li>• <b>Unilaterally imposes a 10% tariff on most intermediate durable goods.</b></li><li>• Country-specific retaliation assumptions.</li></ul>

Source: Moody's Analytics

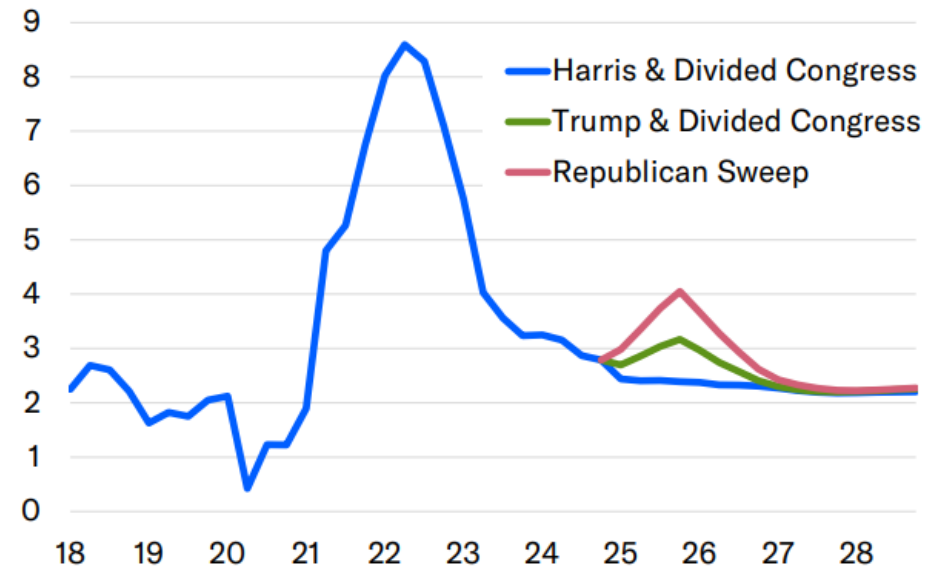
# Appendix 8b: Moody's Analytics: Stubborn Inflation, Reluctant Fed

## Brief, Mild Recession Unfolds in Late 2025 as Inflation Spikes

Real GDP, annualized q/q % change



CPI inflation, % change yr ago



Sources: Multiple sources, Moody's Analytics

# Appendix 9a: Select Industry Employment by Gender in New Mexico, 2022

Industry	% Male	% Female	Industry	% Male	% Female
Full-time, year-round employed 16+	56.6%	43.4%	Information*	60.7%	39.3%
Agriculture, forestry, fishing & hunting <sup>+</sup>	78.2%	21.8%	Finance & Insurance*	32.9%	67.1%
Mining, quarrying & oil and gas extraction*	87.4%	12.6%	Real estate & rental and leasing	52.6%	47.4%
Construction	92.3%	7.7%	Professional & business services*	62.3%	37.7%
Manufacturing	76.2%	23.2%	Private educational services <sup>+</sup>	33.9%	66.1%
Wholesale trade	77.3%	22.7%	Health care & social assistance	24.9%	75.1%
Retail trade <sup>+</sup>	58.5%	41.5%	Arts, entertainment & recreation <sup>+</sup>	62.6%	37.4%
Transportation & warehousing	82.4%	17.6%	Accommodation & food services <sup>+</sup>	52.2%	43.9%
Public administration*	56.1%	43.9%			

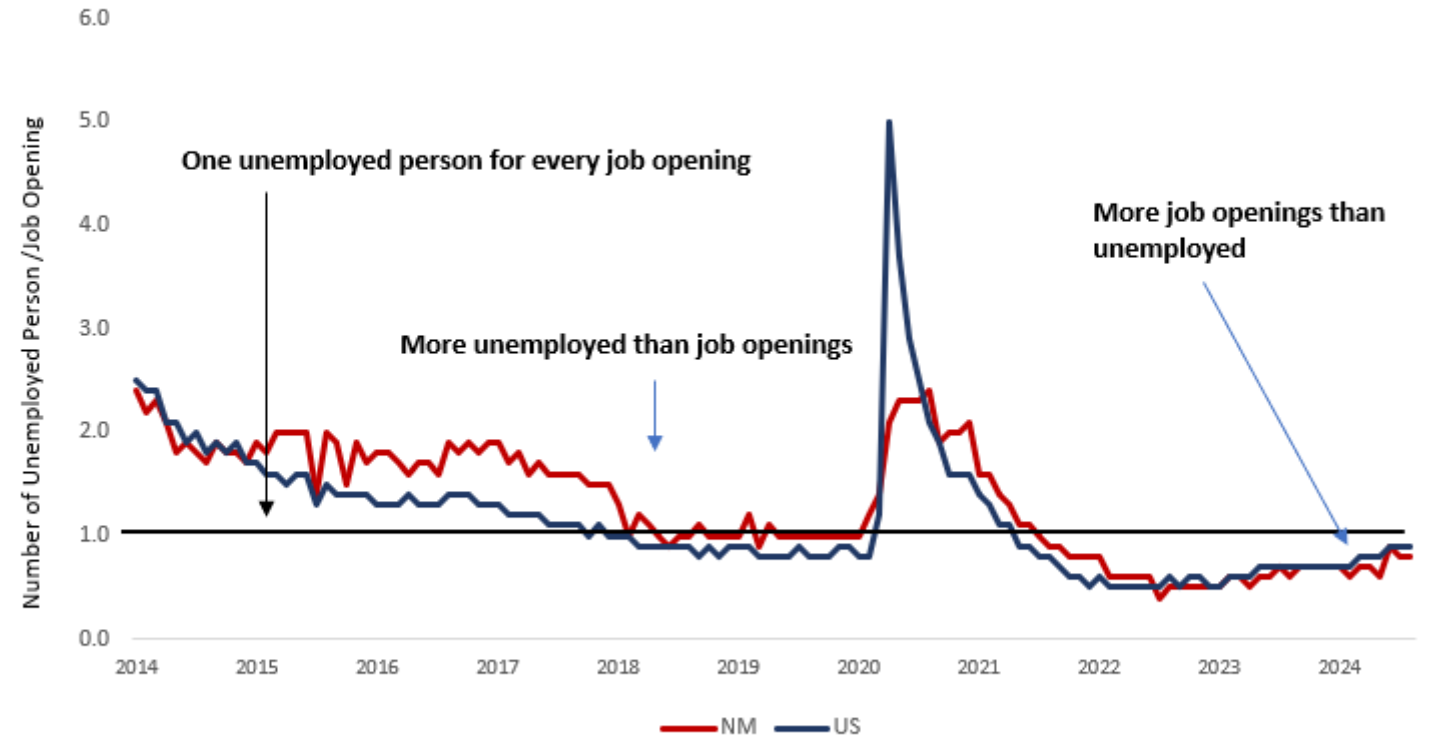
\* Higher income jobs (for public administration, Federal jobs only)

<sup>+</sup> Lower income jobs

# Appendix 9b: Tight labor market still evident

- Number of unemployed persons per one job opening in New Mexico has changed since the COVID pandemic
- Historically, New Mexico had more unemployed persons than job openings
- Currently, New Mexico and the nation have more job openings than unemployed persons
- New Mexico's labor market has been slightly tighter than the U.S.'s since July 2022
  - Sept 2024
    - NM: 0.8
    - US: 0.9

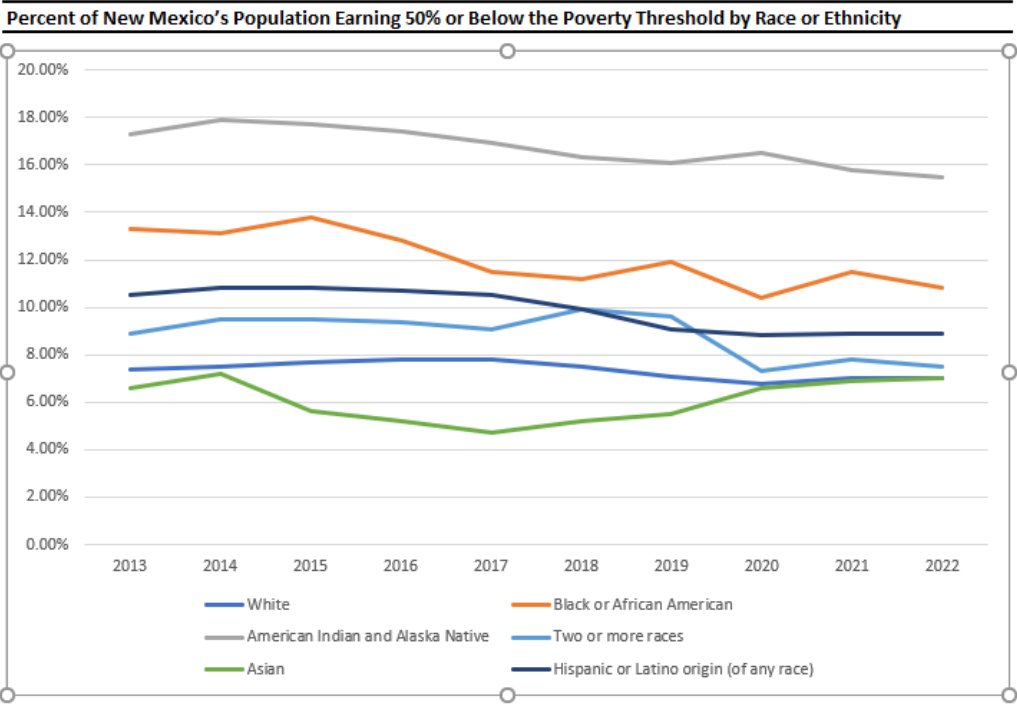
## New Mexico Unemployed per Job Opening



Source: U.S. Bureau of Labor Statistics, Job Openings and Labor Turnover Survey (JOLTS), 2013-Sept 2024

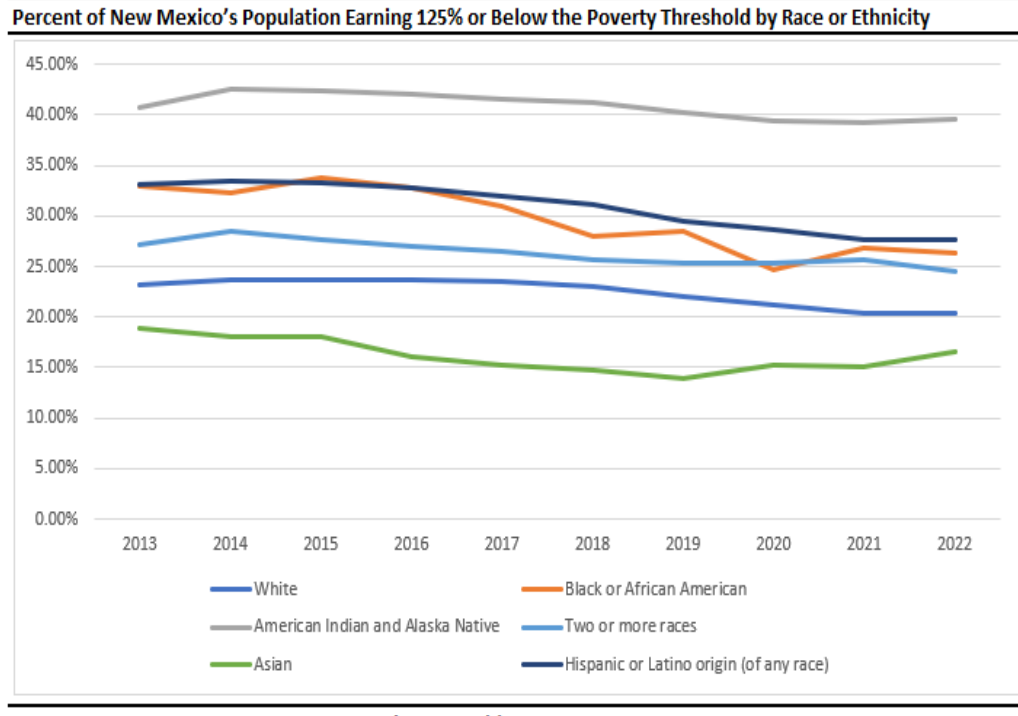


# Appendix 9c: New Mexico Poverty by Ethnicity



Source: U.S. Census Bureau, ACS 5-year Estimates; Table S1703, 2013-2022

- 10 year average of % of population 50% or below the poverty threshold
  - AM/AI: 16.8%
  - Black or African American: 12.0%
  - Hispanic or Latino: 10.0%
  - 2+ Races: 9.9%
  - White: 7.4%
  - Asian: 6.0%
- Annual income at 50% of the poverty level (2022)
  - Family of 4: \$13,875/yr
  - Family of 6: \$18,595/yr

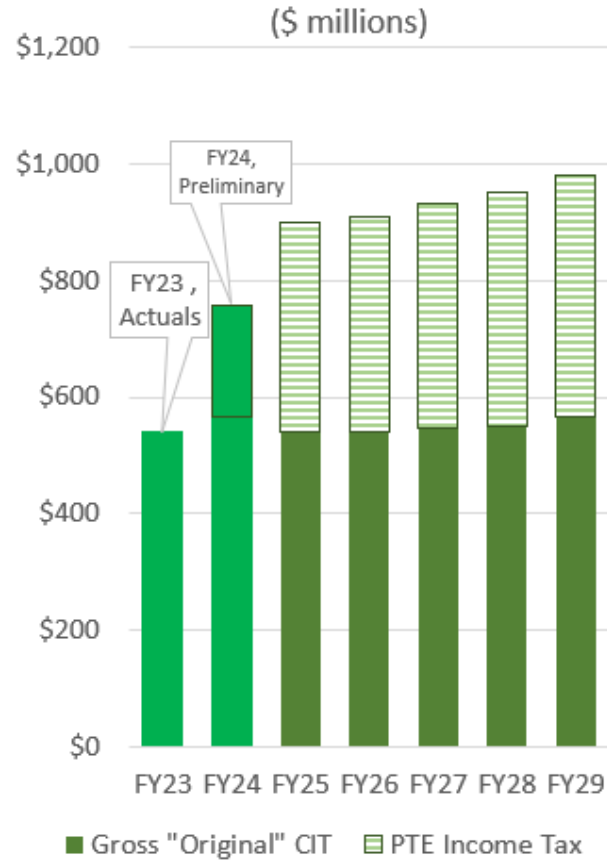


Source: U.S. Census Bureau, ACS 5-year Estimates; Table S1703, 2013-2022

- Annual income at 125% of the poverty threshold (2022)
  - Family of 4: \$34,688/yr
  - Family of 6: \$46,488/yr
- Transfer payments may have been sufficient to lower the poverty rates at a given threshold level

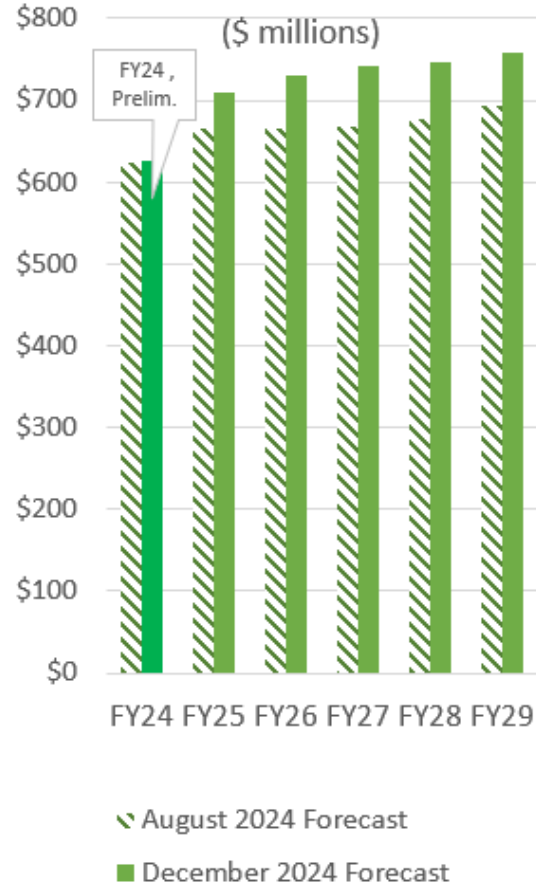
# Appendix 10: CIT Outlook

**Gross CIT - Dec 2024 Forecast**



Graph 1

**Net CIT - Dec 2024 Forecast**



Graph 2

- With PTE income tax – Gross CIT now expected to reach just above \$900 million in FY26 (Graph 1)
- Legislative adjustments include new CIT credits and a single 5.9% tax bracket
  - Net average impact of \$21 million per year
- Net CIT forecast to reach over \$700 million in FY25 & FY26 with steady PTE revenue (Graph 2)

Source: CREG estimates and calculations

Source: CREG December 2024 and August 2024