Presentation to the New Mexico Legislative Finance Committee:
General Fund Consensus Revenue Estimate — December 5, 2016
Demesia Padilla, CPA, Cabinet Secretary & Elisa Walker-Moran, Chief Economist
Economists: Hector Dorbecker, James Kaminsky, James Girard, Lucinda Sydow

Executive Summary of Consensus Revenue Forecast

Revenues for FY16 came in $37 million higher than August 2016 CREG estimates based on preliminary actuals. However, the GREG revised projections for FY17 through FY21 downward since the August 2016 forecast. Table 1 provides a summary of the December 2016 revisions and the Special Session changes to previously estimated revenues contained in the most recent consensus forecast, released in August of 2016.

Table 1
December 2016 Consensus General Fund Recurring Revenue Outlook
(Millions of Dollars)

	FY16	FY17	FY18	FY19	FY20	FY21
August 2016 Estimate	$5,672	$5,708	$6,017	$6,221	$6,440	$6,644
2016 Special Session Changes	$0	$23	$39	$0	$0	$0
December 2016 Revisions	$37	($131)	($127)	($79)	($57)	($13)
December 2016 Consensus	$5,709	$5,600	$5,929	$6,142	$6,383	$6,630
Annual Change	($486)	($109)	$329	$213	$240	$248
Annual Percent Change	-7.8%	-1.9%	5.9%	3.6%	3.9%	3.9%

The most recent downward adjustments in FY17 – FY21 are significantly due to continued weakness in the extractive industries. The impacts of the oil and gas industry on each revenue source are discussed in more detail below. Other weak economic factors include lower than expected employment, personal income and wage & salary growth since the August 2016 forecast. Although growth is positive, New Mexico non-agricultural employment growth was revised down from 0.9% to 0.7% in FY17 and 1.3% to 1.2% in FY18. New Mexico personal income growth was revised down from 2.9% to 2.4% in FY17 and from 3.8% to 3.6% in FY18. New Mexico wages & salaries growth was revised down from 2.9% to 2.4% in FY17 and from 3.8% to 3.6% in FY18.

Executive Summary of Major Revenue Sources

As noted above, the CREG revenue forecast was revised upward for FY16 based on preliminary actuals. With this revision, recurring General Fund revenues declined by 7.8% between FY15 and FY16. Projections were revised downward in this December 2016 forecast for FY17-FY21. Significant effort has been invested to analyze and explain the changes. Specifically, gross receipts taxes (GRT), compensating taxes, personal income taxes (PIT), corporate income taxes (CIT), and severance taxes were revised down from August in all the forecast years while federal mineral leasing (FML) was revised up. After these revisions, General Fund revenues are expected to decline by 1.9% from FY16 to FY17 and grow by 5.9% from FY17 to FY18. The FY17 (negative) and the FY18 (positive) growth rates may seem anomalous. However, they reflect both conservatism in the forecast and anticipated impacts to GRT that result from multi-year medical-related deductions and credits that are expected to impact FY17 and high-wage tax credit savings in FY18. These will be explained further below. 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 2

December 2016 Consensus General Fund Recurring Revenue Outlook

(Millions of Dollars)

	FY16	FY17	FY18	FY19	FY20	FY21
Gross receipts tax	$1,975	$1,869	$2,008	$2,104	$2,209	$2,306
Selective sales taxes	$531	$535	$568	$591	$615	$639
Personal income tax	$1,327	$1,331	$1,346	$1,370	$1,399	$1,447
Corporate income tax	$119	$70	$100	$93	$100	$108
Energy-related revenues	$718	$786	$824	$831	$854	$878
Investment/Interest earnings	$770	$741	$811	$861	$902	$937
Other revenues	$268	$269	$272	$293	$304	$316
Total Recurring Revenue	**$5,709**	**$5,600**	**$5,929**	**$6,142**	**$6,383**	**$6,630**
Annual Percent Change	-7.8%	-1.9%	5.9%	3.6%	3.9%	3.9%

Table 3

December 2016 Revisions (Change from Prior Estimate)

(Millions of Dollars)

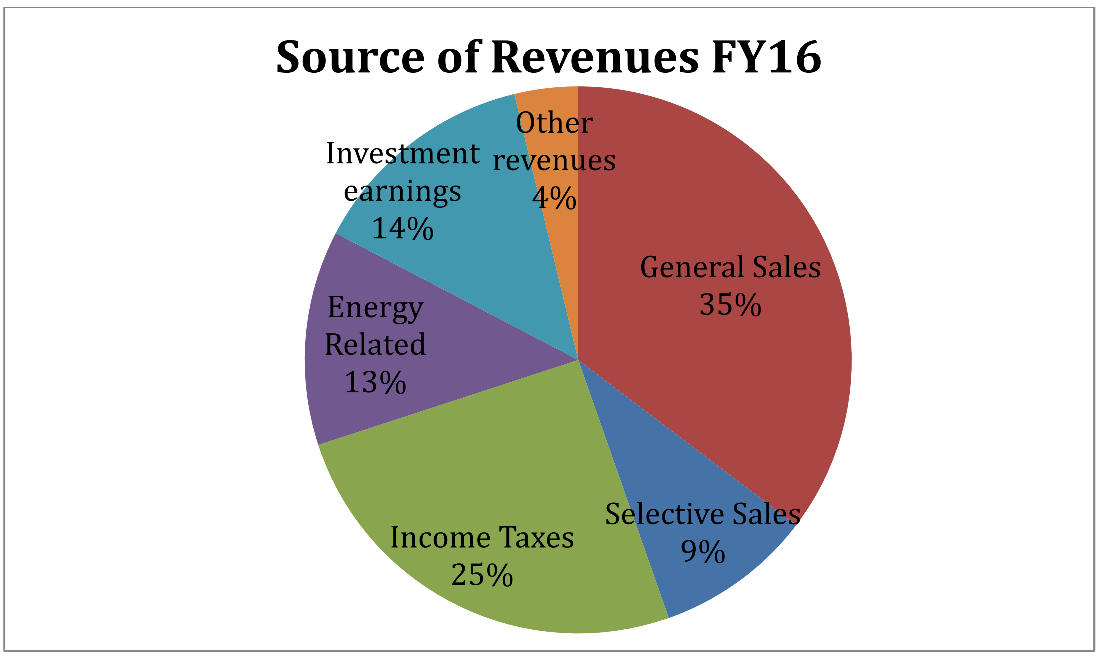
	FY16	FY17	FY18	FY19	FY20	FY21
Gross receipts tax	$18	($85)	($108)	($64)	($32)	($4)
Selective sales taxes	$4	($10)	($21)	($17)	($11)	($5)
Personal income tax	$10	($12)	($29)	($34)	($45)	($47)
Corporate income tax	($1)	($30)	$12	$11	$6	$14
Energy-related revenues	($2)	$31	$33	$18	$18	$20
Investment/Interest earnings	$0	($21)	($6)	$2	($1)	($5)
Other revenues	$8	($3)	($8)	$4	$7	$13
Total Recurring Revenue	**$37**	**($131)**	**($127)**	**($79)**	**($57)**	**($13)**

CREG is not anticipating an economic recession during FY17 or FY18. The CREG believes an unforeseen recessionary period would have a greater negative impact than currently anticipated. The CREG forecasts a weak outlook because extractive industry head-winds are putting downward pressure on GRT, PIT, CIT, and severance taxes; a continued slow recovery after the Great Recession has put downward pressure on consumer spending, while e-commerce continues to erode the share of retail purchases made in brick and mortar locations. Health care spending continues to increase resulting in an increase in health care deduction claim amounts resulting in lower GRT in FY16 and FY17. The potential for increased transfer payments from the federal government is putting downward pressure on PIT. Though not included in this forecast there is upward pressure and potential revenue gains in the budget year that could result from an increase in oil production, as the rig count went from 13 in March 2016, 32 rigs in October and 31 rigs in November. While rig count has increased nationally, it increased most significantly in the Permian Basin and Concho[1] recently announced an expansion in their operations in the State.

Source of Revenues

Figure 1 below shows that the majority of General Fund revenue in FY16 comes from general sales or the gross receipts tax at 35%. This percentage is consistent with FY15 (35%) and FY14 (34%). The second largest revenue source is from personal and corporate income taxes at 25%, which is also consistent with FY15 (26%) and FY14 (24%). The third largest source consists of energy-related revenues at 13% for FY16, reflecting a 3% drop from FY15 (16%) and a 7% drop from FY14 (20%).

Figure 1: Source of Revenues



[1] "Texas Oil Company Looks to Boost Production in New Mexico" by Susan Montoya Bryan. Associated Press. November 27, 2016.

Detailed Discussion, Tax Program Revenues

Gross Receipts Taxes (GRT)

GRT was revised upward in December 2016 by $18 million in FY16 according to preliminary actuals, but revised downward by $85 million in FY17 and by $108 million in FY18. Much of the weakness in GRT revenue collections in FY17 can be explained by the mining and oil and gas extraction industry and by projected refund claims largely related to medical deductions for periods before Senate Bill 6 (approved during the 2016 special session) became effective. Much of the weakness in wages and salaries and employment, especially in the mining sector, results in weaker retail sales. Table 4, below, illustrates the current CREG GRT forecast.

Table 4
December 2016 CREG GRT Summary
(Millions of Dollars)

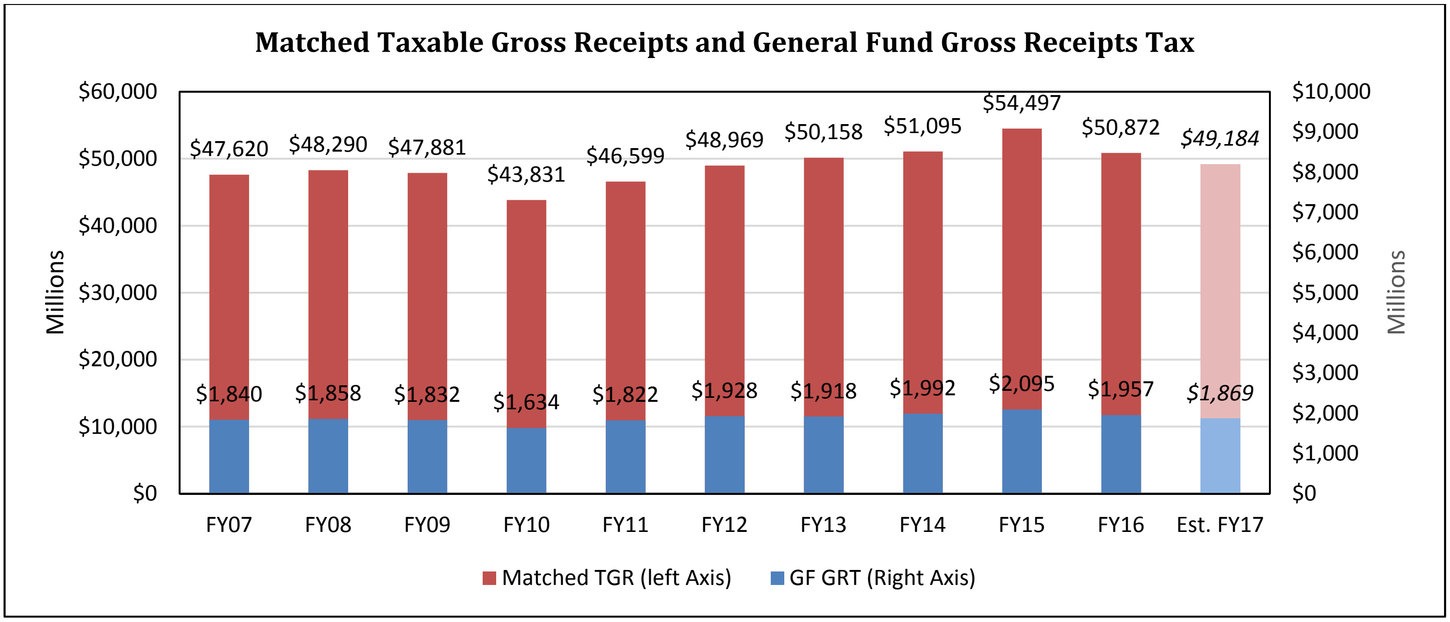
	FY16	FY17	FY18
January 2016 Forecast	$2,090	$2,216	$2,345
August 2016 Estimate	$1,957	$1,945	$2,090
2016 Special Session	$0	$9	$26
December 2016 Revisions	$18	($85)	($108)
December 2016 Consensus	$1,975	$1,869	$2,008
Annual Change, Dollars	($120)	($107)	$139
Annual Change, Percent	-5.7%	-5.4%	7.5%

It is worth noting that both total recurring revenue growth in FY18 of 5.9% (see Table 2, above) and particularly GRT revenue growth of 7.5% appear particularly strong. However, much of this projected growth results from non-economic factors and policy changes. During the 2016 special legislative session, significant changes were made to health care deductions and the high-wage jobs tax credit that are projected to save tens of millions of dollars in FY18 compared with FY17. FY18 GRT growth due to economic factors, alone, is projected at 3%, while the non-economic factors contribute an additional 4.5% to the overall projected growth rate. Of those non-economic factors, 0.5% is due to the food and medical hold-harmless phased-out distribution.

Figure 2 below shows Matched Taxable Gross Receipts (MTGR)[2] declined by $3.6 billion or 6.7% while GRT revenue booked to the General Fund declined by $120 million or 5.7% between FY15 and FY16.

[2] Amount of computed taxable gross receipts based on amount of tax paid during the month and matched to returns.

Figure 2: MTGR and General Fund GRT



Preliminary actual FY17 GRT revenue collections through September 2017, as reported by DFA (General Fund Report), are approximately $28.5 million – 1.5% below CREG August forecast. The CREG believes the decline is mostly caused by the state's heavy reliance on the oil and gas industry. Table 5 below shows the portion of GRT distributed to the local governments through information reported under "Tax Paid" in the monthly RP-500 reports.

In addition to the "price of oil effect"[3], CREG economists believe the weakness in GRT in FY17 through September is also caused by external events without direct correlation to overall economic conditions, such as estimated refunds and refundable tax credits. The CREG believes the most significant downward pressure results from the continued effects of the HealthSouth decision,[4] which ruled that for-profit hospitals could claim § 7-9-93 deductions for services provided by health care practitioners at those facilities (for tax periods prior to the effective date of SB 6, 2016 Special Session). These claims are estimated at approximately $49.1 million for the entire FY17. Additionally, CREG estimates refunds from High Wage Jobs Tax Credit applications of about $36 million for FY17. CREG notes that this $36 million estimate for the High-Wage Jobs Tax Credit is the same as the August 2016 estimate.

[3] Interpreted as a combination of factors that include higher than anticipated declines in GRT revenue generated through the extractive industry statewide and higher than anticipated declines in economic activity in Lea, Eddy, and San Juan counties. These counties saw a reduction of GRT revenue collections of $230.5 million (-25.2%) between FY15 and FY16.

[4] It also indicated that TRD conceded that for-profit hospitals could claim the § 7-9-77.1 deduction for health care services when the payments for those services came from specified federal sources.

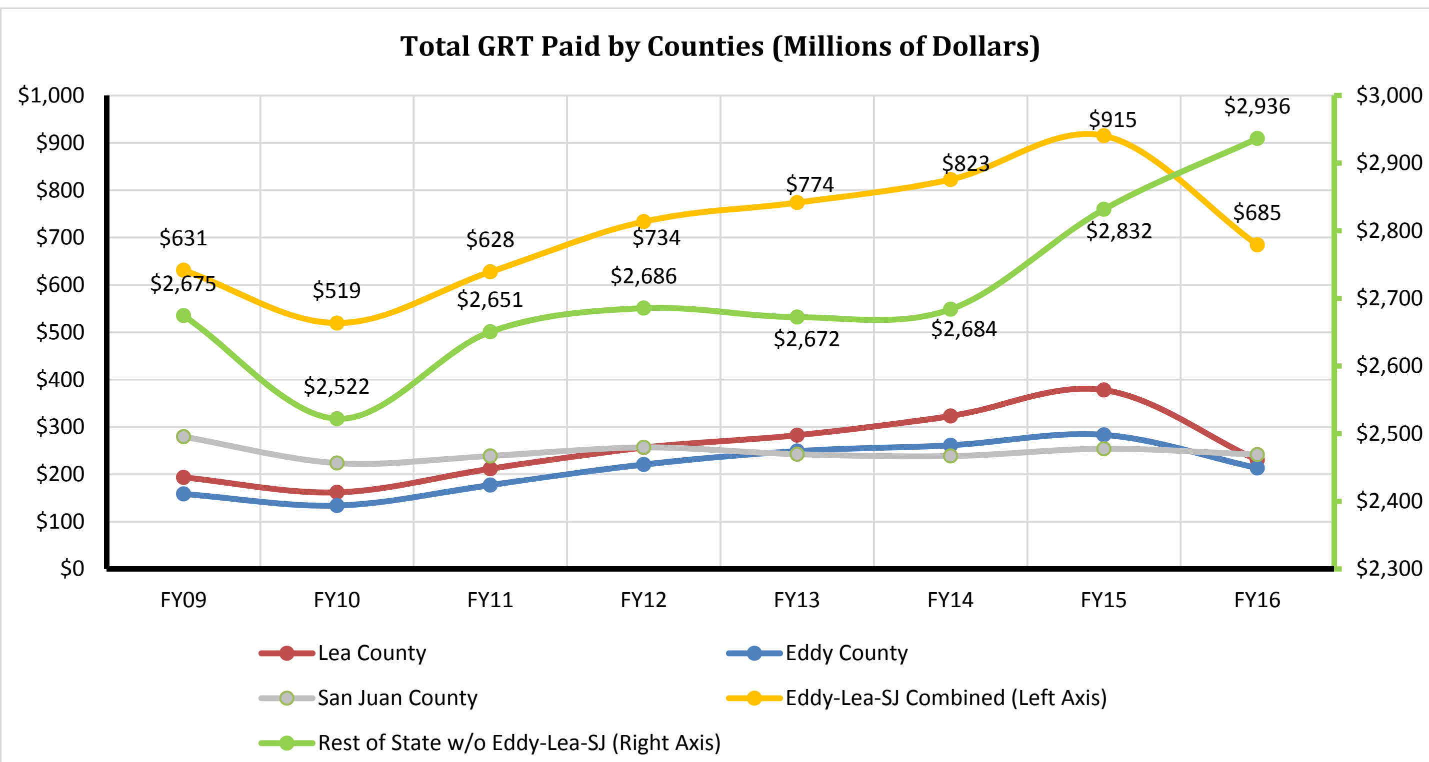
Table 5
GRT Paid to Local Governments
(Millions of Dollars)

	FY15	FY16	Change	$ Change
Lea County	$378.1	$230.0	-39.2%	($148.1)
Eddy County	$283.2	$213.2	-24.7%	($70.0)
San Juan County	$253.9	$241.5	-4.9%	($12.4)
Subtotal	$915.1	$684.6	-25.2%	($230.5)
Rest of State (w/o Eddy, Lea, SJ)	$2,577.9	$2,695.0	3.7%	$104.7
Total	**$3,493.0**	**$3,379.6**	**-3.4%**	**($125.8)**

Note: While Lea, Eddy, and San Juan Counties had revenue decreases in FY16, the rest of the state saw an increase of in GRT revenue collections. But it was not enough to offset the losses in the oil & gas producing counties.

On a statewide level, the portion of GRT paid to local governments also decreased from FY15 to FY16. As shown through Figure 3 below, the decrease was dramatic in Lea, Eddy, and San Juan Counties, as there was a year-over-year decline of about 25%, or $230 million. In contrast, GRT paid by businesses in the rest of the state (excluding Lea, Eddy, and San Juan Counties) increased by 3.7% or $104.7 million between the last two full fiscal years. GRT revenue collections in the first quarter of FY17 reflects that the decline in oil prices continues to have an adverse effect in the region.

Figure 3: Total GRT Paid by Businesses in Certain Counties



As mentioned before, a large portion of the declines in revenue collections in FY16, and so far in FY17, can be attributed to taxpayers amending returns to claim credits and deductions for multiple years they previously had not claimed, most specifically with respect to medical services. If not for these amendments, the CREG believes GRT growth rate would have seen less downward pressure in the current and previous fiscal years. These factors are discussed in more detail on pages 10 - 11.

Figure 4, below, shows monthly MTGR exhibit a similar seasonal monthly behavior year-over-year between July 2009 and September 2016. The last six fiscal years show December as traditionally the highest month while January-February show the lowest levels over the cycle.

Figure 4: Monthly MTGR by Fiscal Year

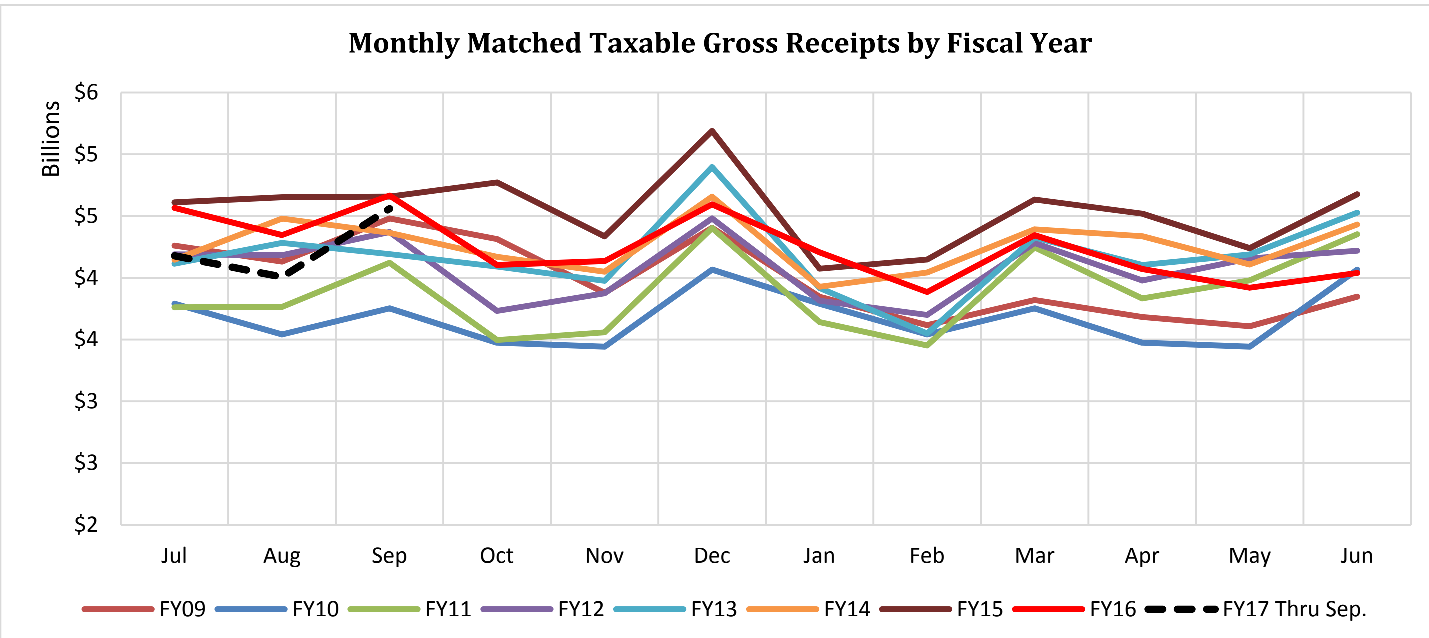
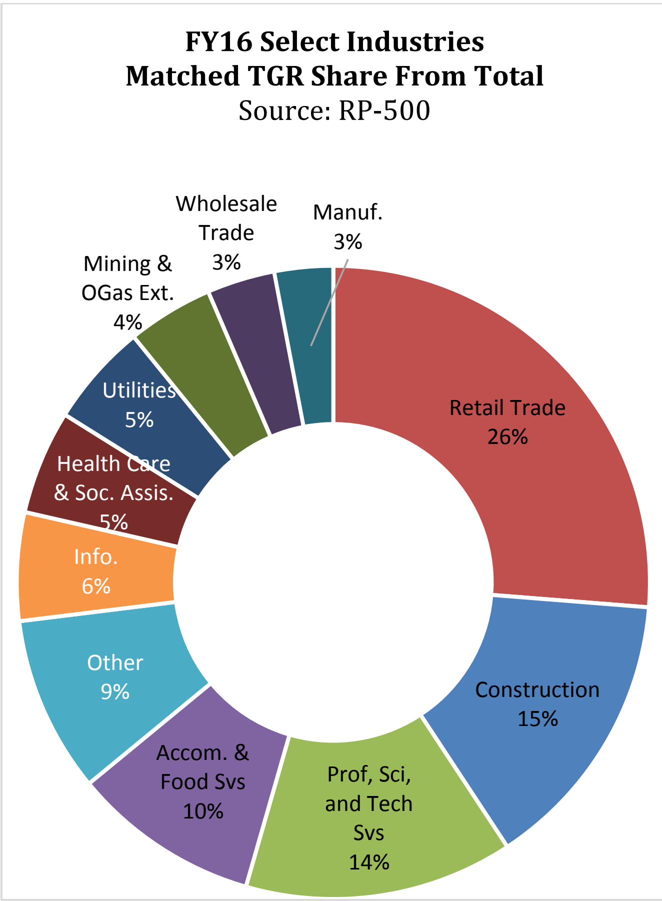


Figure 5 below shows the proportions of MTGR by industry sectors in FY16 and in FY17 year-to-date. Retail Trade represents the largest portion of the total for both years. Professional, Scientific, and Technical Services and the Construction industries traded places from second to third in the first quarter of FY17. Other relevant sectors, like

Accommodation & Food Services, Health care, and Mining, Quarrying & Oil and Gas Extraction, do not show significant differences between the two periods.

Figure 5: MTGR by Industry Sector



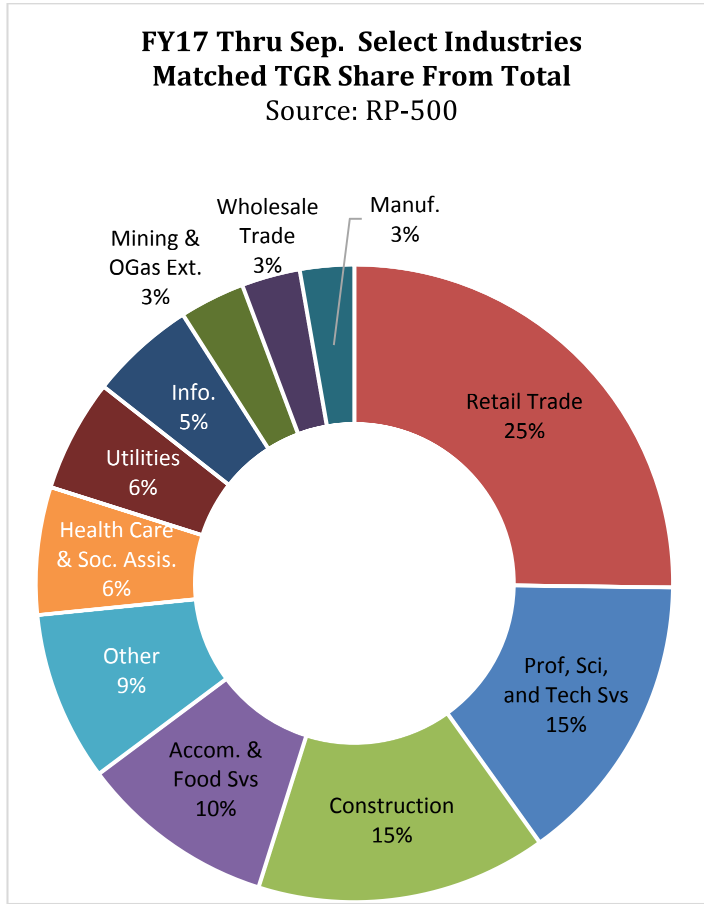


Figure 6 and Figure 7 below show in combination the MTGR for key sectors between FY09 and FY16 and the increase or decrease amounts year-over-year, respectively. Although Retail Trade saw a decrease of $483 million in FY16 from FY15, their MTGR trend is positive for FY17 and beyond. The Construction sector continues to recover from the great recession as it added $94 million in FY16 from FY15 levels. The Professional, Scientific & Technical Services sector grew by $574 million of MTGR in FY16 over the previous year, but it is unclear if there would be head winds in FY17. The Mining & Extraction sector saw dramatic losses in FY16 of about $1.5 billion of MTGR from FY15. The forecast of employment from UNM Bureau of Business and Economic Research indicates that Mining & Extraction industry employment will reach its lowest level at the end of 2016 and begin to recover as crude prices continue to increase.

Figure 6: YR/YR TGR by Selected Industry Sectors

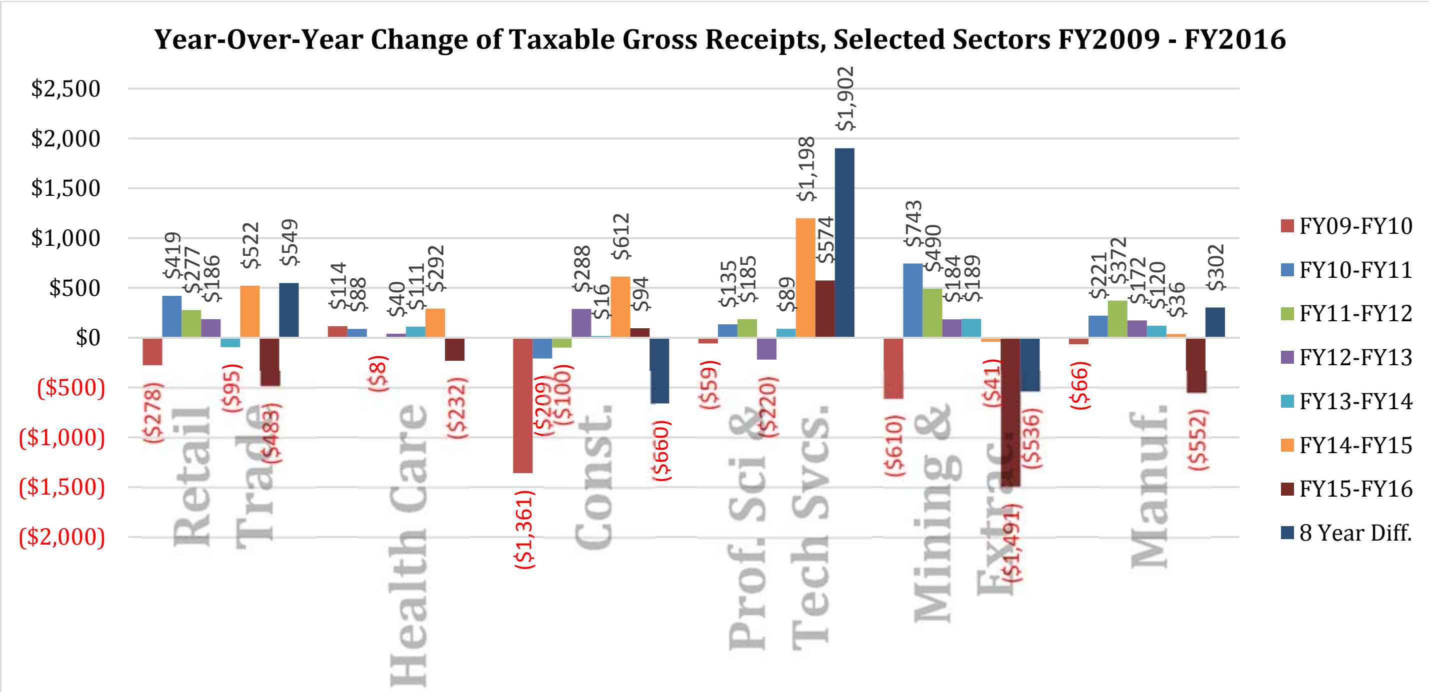
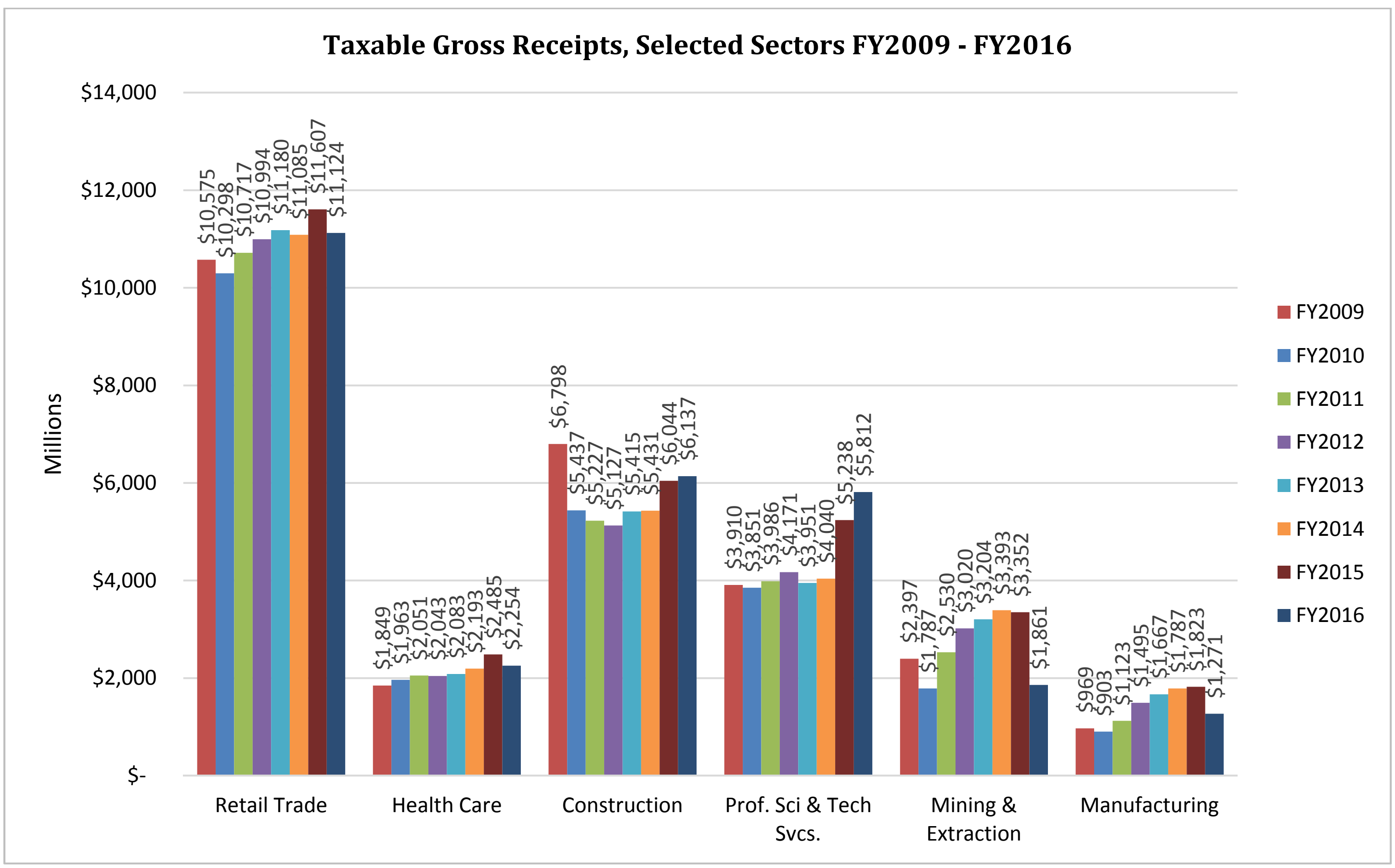


Figure 7: Change in TGR by Selected Industry Sectors



Effect of CRS Tax Credits on GRT Revenue

In August, TRD chose to report the CRS credits through "claimed" amounts instead of "applied" amounts as a way to show the maximum possible liability to the general fund. With complete FY16 data, TRD is now reporting the amounts that the taxpayers chose to apply to their tax liabilities. Hence, in Table 6 the selected FY16 CRS applied credits through June are $89 million, $16 million higher than total applied credits in FY15.

Table 6
CRS Tax Credits Taken Against GRT, Comp. or Withholding
(thousands of dollars)

Program	FY15	FY16	Change $
DOH Hospital GRT	$13,700	$33,601	$19,901
Rural Jobs	$60	$1,347	$1,287
Advanced Energy	$286	$6,993	$6,706
Unpaid Doctors	$777	$1,324	$547
Alternative Energy	$0	$8	$8
Affordable Housing	$1,350	$222	($1,127)
Investment	$269	$556	$288
Technology Jobs	$145	$0	($145)
High Wage Jobs (refund)	$65,822	$58,217	($7,605)
High Wage Jobs (credit)	$6,925	$3,346	($3,579)
Total	**$89,334**	**$105,614**	**$16,280**

Department of Health Licensed Hospitals Credit: The Department of Health licensed hospitals credit accounts for $34 million in FY16, up from $14 million in FY15. Traditionally, the majority of this credit is applied in the second half of the fiscal year, as was the case in FY16. The credit was utilized more in FY16 by both existing and new taxpayers. In FY16 nine taxpayers claimed the credit for the first time while the remaining taxpayers amended returns for the prior 3 years. Starting in FY17 we anticipate a credit level of $13.6 million. The remaining CRS tax credits remain stable compared to prior years

High Wage Jobs Tax Credit (HWJTC): TRD economists have assumed the law changes that went into effect in June 2013 and the changes made in the 2016 special session would result in a reduction in HWJTC claims once the backlog of claims and protests cleared TRD's Legal Services Bureau and the courts. Based on the best available data and analysis to date, TRD economists estimate the amounts of HWJTC claims to decrease starting in FY17 as they move closer to the annual base of $11.9 million (new applications) with an estimated total paid amount of $36 million. Table 7 below reflects the amount of HWJTC paid in FY15 and FY16 in comparison to TRD economists' expectations that were conveyed to the CREG in August 2016. It also contains TRD economists' current expectation for HWJTC claims in FY17 and FY18.

Table 7
High Wage Jobs Tax Credit Claims
(Millions of Dollars)

FY	TRD Forecast	Actual
2015	$67	$65.8
2016	$70	$58.2
2017*	$36	$ 8.9
2018	$12	N/A

*YTD through November 2016

Special Note on the Decision and Order No. 16-16

In May 2016, the Administrative Hearing Office (AHO) held that hospitals are eligible to claim the medical services deduction under 7-9-93, NMSA 1978 contrary to a TRD regulation, which prohibits licensed hospitals, hospices, nursing homes, outpatient, or intermediate care facilities under the Public Health Act from claiming the deduction. The AHO reasoned that the deduction under 7-9-93 applies based on the nature of the payor, not the nature of the providing facility, as long as the services are within the providing facilities' scope of practice. The AHO ruled that the department did not have authority to limit the applicability of the deduction by regulation.

As of November 30, 2016 and based on actual taxpayer information from submitted amended returns claiming this deduction, there is an estimated reduction of $49.1 million GRT revenue to the general fund. However, this does not significantly impact the net distributions to the local governments. The local government reduction in GRT is mostly offset by an increase in the hold-harmless distribution because of the increase in the health care services deduction by qualifying hospitals.

Compensating Taxes (Comp Tax)

The increasing volatility of this revenue source over the past several years continues to make it difficult to forecast. Comp Tax fluctuations have increased in frequency and magnitude, as there has not been a back-to-back growth year since FY09. Figure 8 below shows preliminary actual FY16 Comp Tax revenue collections of approximately $47 million or about 35% decrease from FY15 and estimated revenue collections of $50 million in FY17 (7% increase from FY16) based on stronger-than-anticipated monthly revenues received through September 2016. Several sectors saw double-digit percentage change declines in FY16 from the prior year. Specifically, Real Estate (-62%), Public Administration (-64%), Agriculture (-36%), Retail Trade (-27%), Construction (-57%), Utilities (-24%), and Professional, Technical and Scientific Services (-17%) saw declines.

The Mining & Extractive industry (MEI) has made significant investments in the state over the past few years, contributing to increases in total Comp Tax in FY15, a record year. However, the contribution to Comp Tax from MEI activity has fluctuated over the years with no apparent correlation between crude prices and revenue collections.

Figure 8: Compensating Tax Revenue and Annual Growth Rates

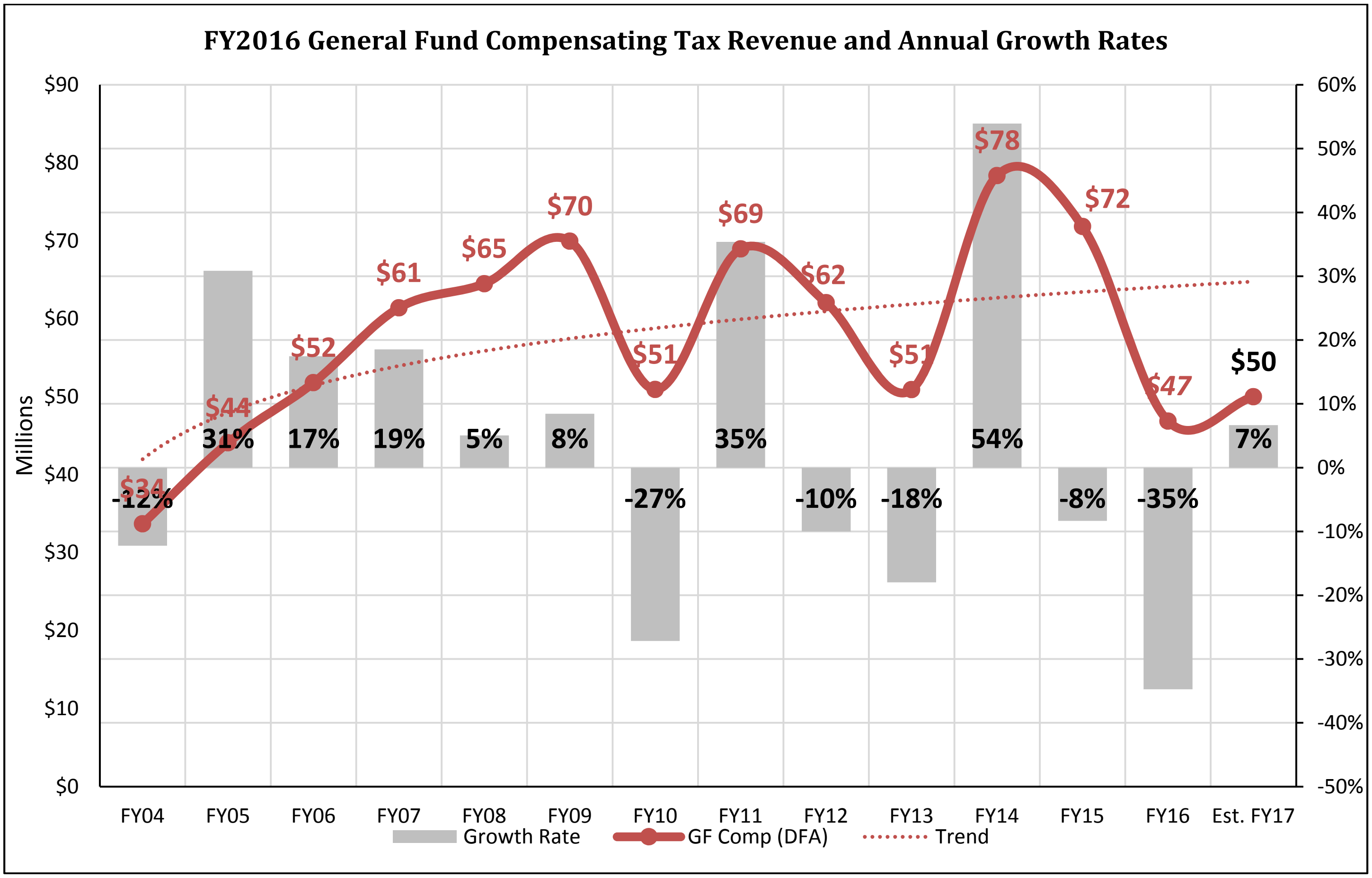
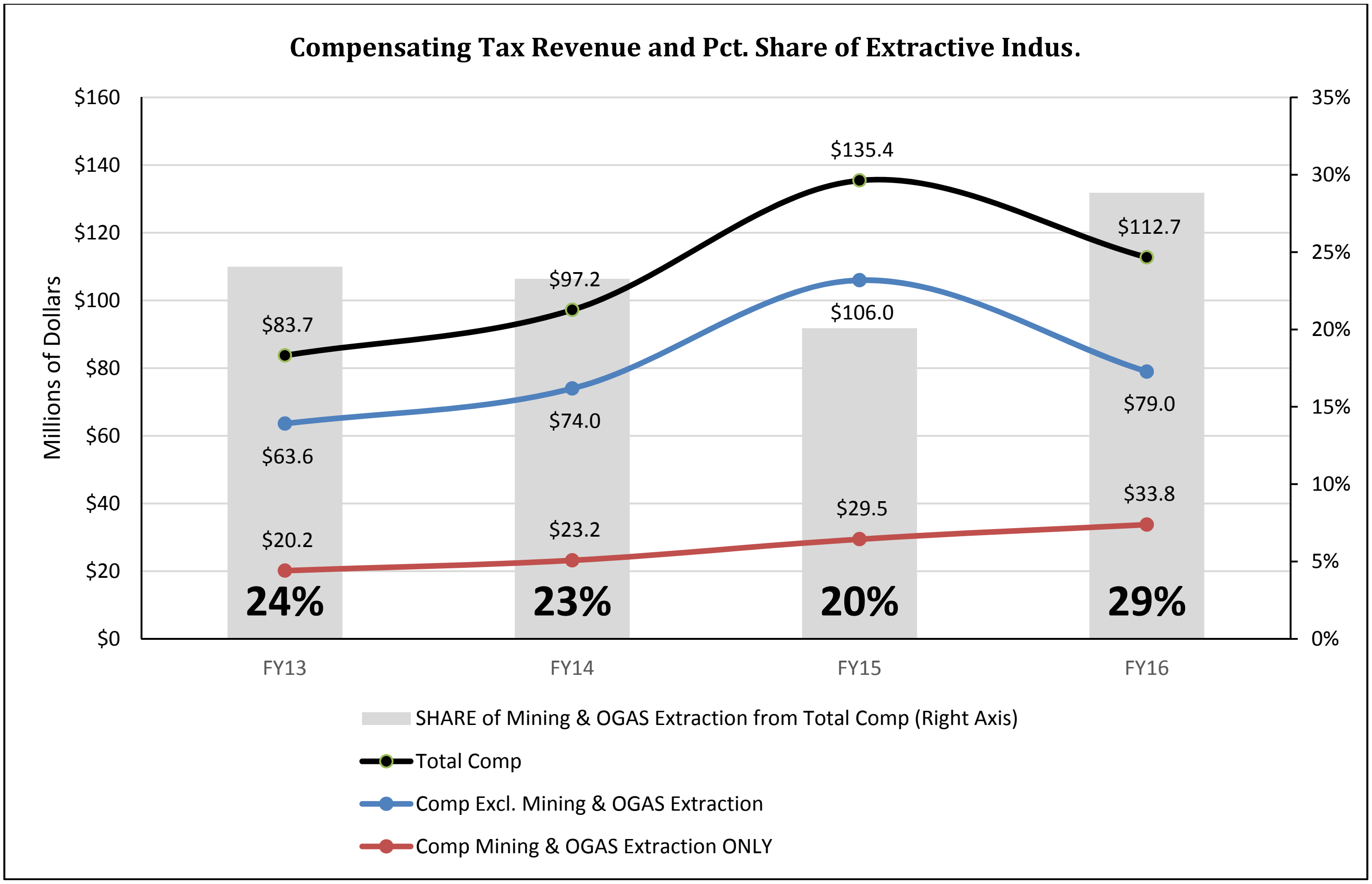


Figure 9 below shows the share of Comp Tax that comes from MEI has increased from 20% in FY15 to 29% in FY16 while crude prices took a dive during this period. TRD economists believe Comp Tax reacts differently to price fluctuations than GRT, as most of the machinery brought by MEI companies into the state has not seen any change in the last 12 quarters. Though the CREG does not assume this in the production forecast, TRD believes that as the rig count continues to recover, producers may begin to ramp-up production in the near future, and this revenue source is expected to increase 6.7% in FY17 and 7% in FY18.

Figure 9: Compensating Tax Revenue and Percent Share of Extractive Industry



Personal Income Taxes (PIT)

Personal Income Taxes revenue collections declined slightly by 0.9% from FY15 to FY16, and the current forecast suggests that FY17 growth will only be 0.3%. Table 8, below, illustrates the CREG PIT forecast.

Table 8
December 2016 CREG PIT Summary
(Millions of Dollars)

	FY16	FY17	FY18
January 2016 Estimate	$1,401	$1,455	$1,522
August 2016 Revisions	($83)	($116)	($157)
2016 Special Session		$ 4	$ 10
December 2016 Revisions	$ 10	$ (12)	$ (29)
December 2016 Consensus	$ 1,327	$ 1,331	$ 1,346
Annual Change, Dollars	$ (13)	$ 4	$ 15
Annual Change, Percent	-0.9%	0.3%	1.1%

PIT is lower due to significant high wage job losses in the extraction industries. Collections from all PIT sources were down during the fourth quarter of FY16. Sources include Income Tax Withholding, Oil & Gas Remitter Withholding, and Pass Thru Entity Withholding. Additionally, taxpayer refunds during the fourth quarter were higher than during FY15. The combination of these effects pushed total PIT revenues down for FY16.

PIT revenue projections are broadly affected by personal income growth. While this economic indicator is generally positive and bullish, transfer payments are an integral component of this growth rate. Transfer payments include items such as retirement/pensions, social security benefits, and Medicaid. Consequently, if transfer payments – due to the growth of social security and Medicaid – become a larger component of personal income growth, two impacts are realized in PIT: 1) the tax base shrinks, most easily identified as lower CRS withholding, and 2) refunds may increase due to the increase in transfer payments. While this has not been confirmed, it is an area of focus for TRD economists. Additionally, TRD is investigating the hypothesis that higher wage extraction jobs have been lost, and the job gains keeping the unemployment rate relatively steady are much lower wage positions. This also reduces the total personal income tax base.

Corporate Income Taxes (CIT)

As reported in August, New Mexico's CIT performance is not out of sync with other major oil and natural gas producing states. As of August 1, 2016 twelve states have disclosed that on average their CIT collections have declined by 16%. Three of these were major oil and natural gas producing states who have disclosed to the Federation of Tax Administrators that on average their CIT collections have declined by 48%. New Mexico's decline is in the middle of the oil and gas states.

CIT revenue collections are down significantly. The economic forecast models project CIT revenues to be flat, but that is inconsistent with current reality. Table 9, below, illustrates the CREG CIT forecast. FY17 revenues were revised down by $30 million from the August forecast due to weak first quarter revenues, while FY18 revenues were revised up $12 million.

Table 9
December 2016 CREG CIT Summary
(Millions of Dollars)

	FY16	FY17	FY18
January 2016 Estimate	$223	$220	$205
August 2016 Revisions	($103)	($120)	($117)
December 2016 Revisions	($1)	($30)	$12
December 2016 Consensus	$119	$70	$100
Annual Change, Dollars	($136)	($49)	$30
Annual Change, Percent	-53.4%	-40.9%	42.9%

TRD is investigating a number of hypothesis to explain the severe decline in CIT revenues. TRD has ruled out the hypothesis that tax credits have contributed to the decline in CIT revenues. The 5-year average for non-refundable tax credits is approximately $10.1 million. The number has varied from $3.4 million to $27.2 million; to date only $1.1 million in non-refundable tax credits have been claimed for TY2015.

Annual CIT tax liabilities have grown nominally over the last five years with net CIT tax year receivables averaging approximately $277 million per tax year; the total ranges from $222.6 million to $311.5 million. With approximately 77% of CIT taxpayers filing returns for TY2015, the current total NM CIT due to NM for TY2015 is approximately $213.7 million. TRD expects the TY2015 total to increase as it is normal for late filers to owe tax.

It is certain that the CIT rate reduction and the expansion of apportionment elections contribute to a lower aggregate tax liability. However, TRD has determined that neither the CIT rate reduction nor the special apportionment elections are explanatory for the current state of CIT revenue collections. These effects have already been accounted for in prior forecasts.

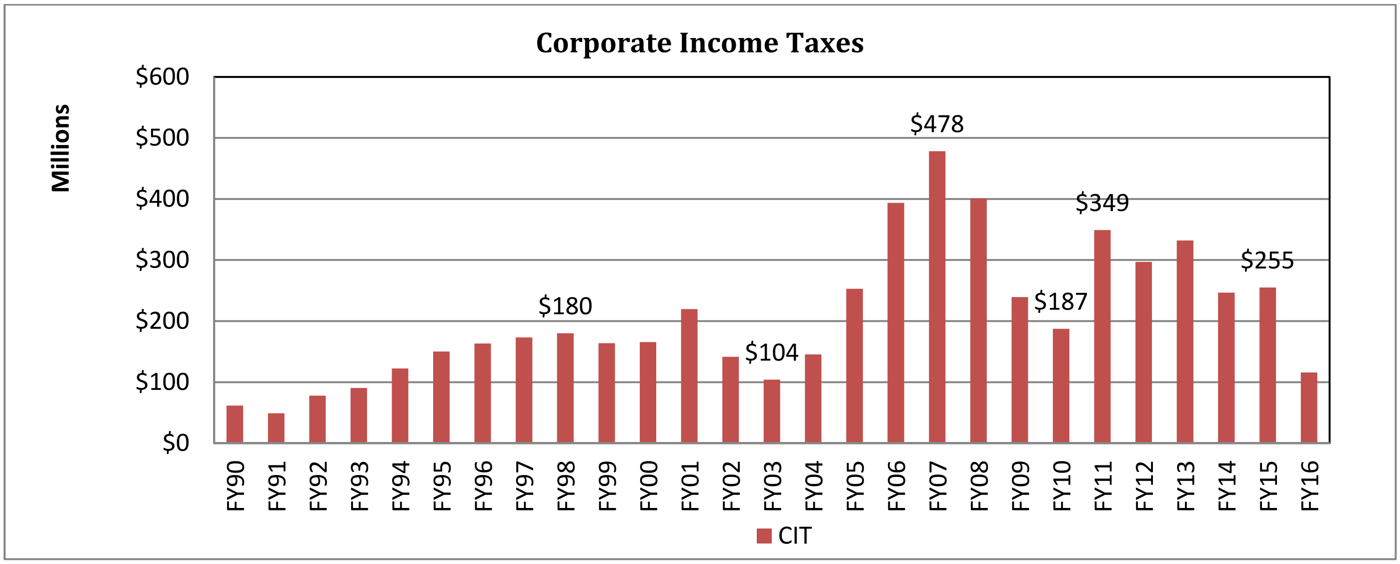
Due to the mechanics of the CIT program, it is important to understand that CIT final settlements extend across at least two, and likely more than two, fiscal years. For example, TY16 liabilities should be settled during FY17 when TY16 returns are due (in April). However, a taxpayer may request an extension, delaying final settlement until October – FY18. Additional extensions, amended returns, required amended returns after IRS adjustments, and taxpayer inaction or nonfeasance stretches the collection period further.

Historically, TRD & the CREG have estimated that CIT payments are made across two fiscal years in a ratio of 40% in the current fiscal year (in FY) and 60% in the following fiscal year (out FY). This was based on an analysis done several years ago, augmented by the behavior anecdote that corporations will delay cash outlays as long as possible. However, observations of the last three fiscal years challenge this assumption. Fiscal year CIT collections during FY12 through FY14 appear to be far less than the collection-ratio estimate. Thus, TRD is re-visiting the issue of timing and tax receivables.

Overpayments of tax liabilities is another area being investigated. Prior to and during the financial crisis and Great Recession (12/2007 – 06/2009) New Mexico collected significant CIT revenues ($258, $394, $478, & $401 million for FY05, FY06, FY07, & FY08, respectively). FY11 and FY13 had record CIT collections as well ($349 & $332 million, respectively). However, the actual tax due from taxpayers for the corresponding tax years was significantly less. During FY14 TRD began to notice an increase in the number and amount of refunds due to overpayment.

Overpayment Carry Forwards are equivalent to pre-paid taxes. Thus, a taxpayer with a credit balance has an accounting offset to a current tax year income tax liability. TRD is investigating why total overpayments have increased as CIT liability has increased. At this time, TRD does not have a complete explanation for why collections are so low. Corporate taxpayers make estimated payments based on their prior year tax liability. If the taxpayer's taxable income declines, then their estimated payments likely exceed their liability. If the taxpayer had previously overpaid, then the effect of overpayments is amplified. While TRD has not confirmed this as a root cause, it is probable that the glut of revenues collected in prior years is paying down current taxpayer liabilities.

Figure 10: Corporate Income Tax Collections



Motor Vehicle Excise Tax (MVX)

MVX revenues have remained steady throughout FY16. CREG economists project that MVX revenue for FY17 will be $142.5 million, $6 million below the August CREG forecast due to lower revenues in the first quarter of FY17. The forecasts in FY18 and FY19 have also been adjusted downward accordingly.

Insurance Premiums Tax

The insurance premiums tax revenue in FY16 exceeded the January forecast by $20 million. The forecasts in FY17 and FY18 have been adjusted downward by $0.8 million and $11.44 million. The large downward revisions for insurance in FY18 – FY21 were due to higher cost estimates from the New Mexico Medical Insurance Pool (NMMIP).

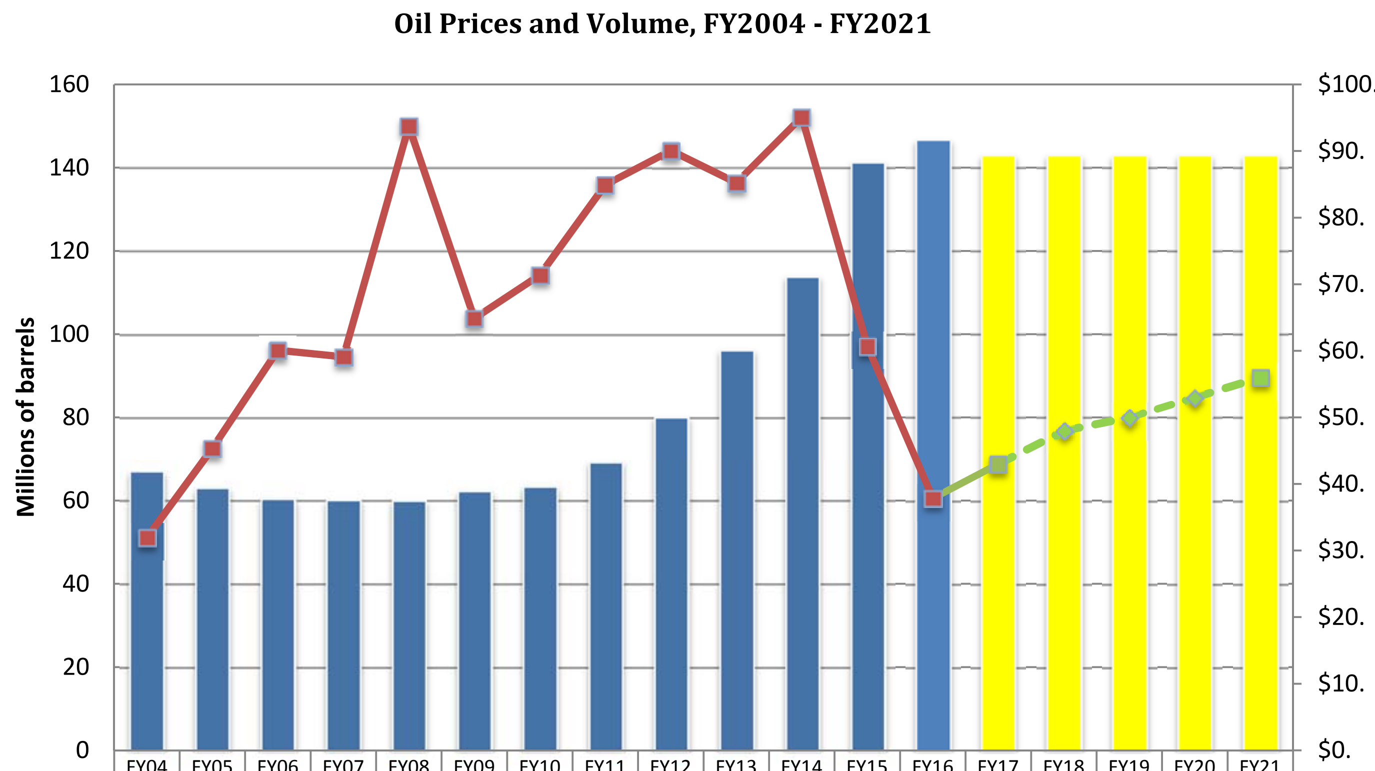
Federal Mineral Leasing Royalties (FML)

The FML forecast in FY17 has been adjusted upward from the August CREG forecast by $44 million. The forecast in FY18 has been adjusted upward by $36 million. The higher revenues as compared to the August CREG forecast are a reflection of higher oil volumes, and natural gas prices and volumes. High oil prices serve as an incentive for exploration, and thus increase the demand for land leases and royalties paid to New Mexico.

Severance Taxes

As shown in Table 2 above, the CREG has revised energy-related revenues, which include severance taxes, up from the August forecast for FY17-FY21. The slightly stronger severance tax forecast largely relates to higher oil volumes and natural gas prices and volumes than previously forecasted in August, even though oil prices have been revised slightly down. The expectation of flat oil production and lower declines in natural gas production provides a sustainable base-level of production through the forecast period.

Figure 11: Oil Prices and Volume



	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21
Volume	67	63	60	60	60	62	63	69	80	96	114	141	147	143	143	143	143	143
Price	$31.94	$45.34	$60.09	$59.10	$93.74	$64.87	$71.37	$84.92	$90.06	$85.23	$95.12	$60.67	$37.85	$43.00	$48.00	$50.00	$53.00	$56.00

Natural Resource Extractive Sectors

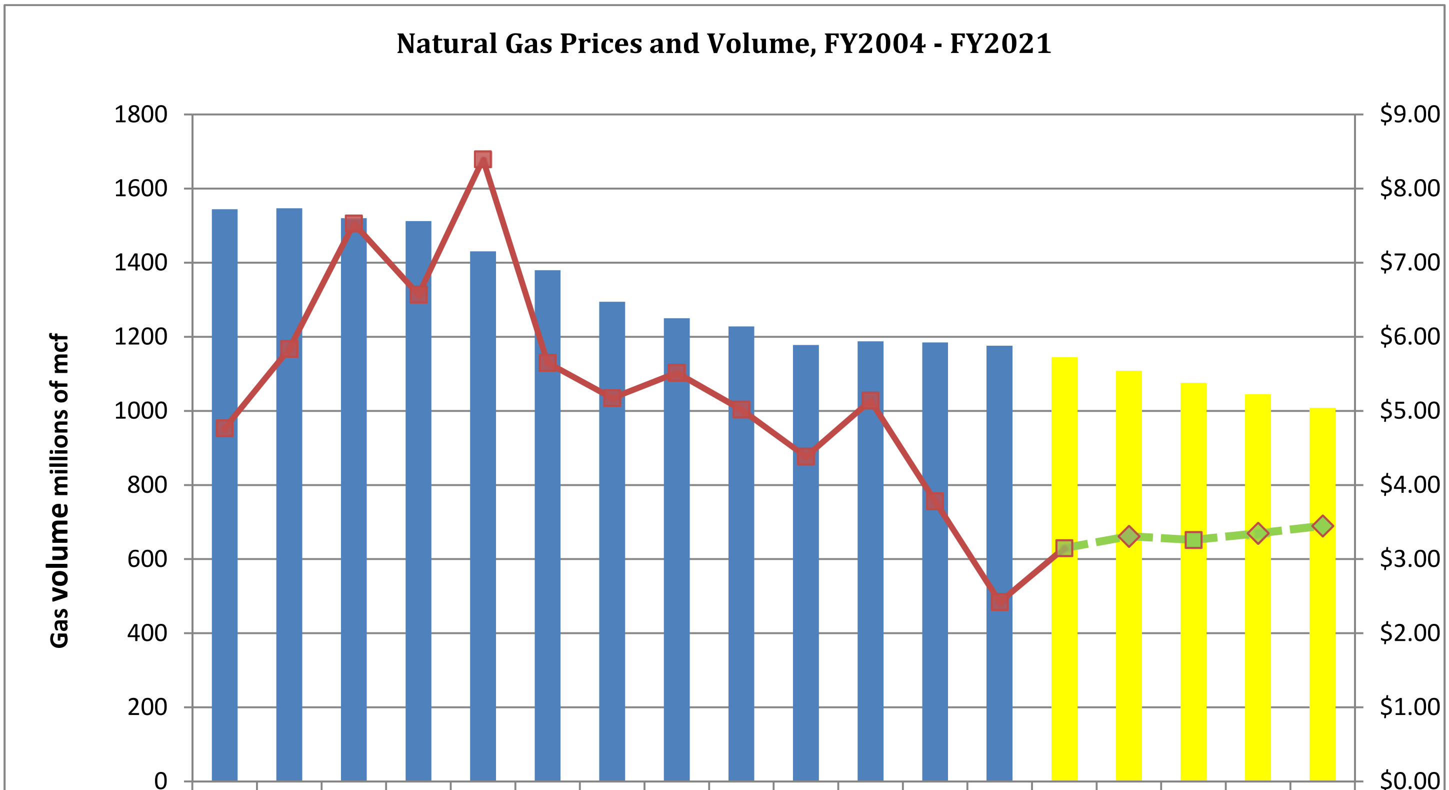
Oil production continues to show considerable strength when compared to historical levels. New Mexico oil prices continued to meet expectations through FY16, as the New Mexico crude oil price averaged $37.85 in FY16, $0.10 higher than the August 2016 forecast. The forecasters now expect New Mexico oil prices to average $43 in FY17 and $48 in FY18, showing a $2 decrease for FY17 and no change in FY18 – FY21 from the August 2016 forecast.

Crude oil production in New Mexico increased 3.7% in FY16, reaching 146.7 million barrels. The CREG expects production to stay flat at 143 million barrels over the next few years.

Natural gas prices in New Mexico averaged $2.42 in FY16, $0.02 above the August 2016 forecast. The CREG now expects New Mexico gas prices to average $3.15 in FY17 and $3.31 in FY18, showing a $0.15 increase in FY17 and $0.01 increase in FY18 from the August 2016 forecast. Part of the increase is due to higher natural gas prices and natural gas liquid price as oil prices begin to increase.

For the first time in a decade, New Mexico natural gas production saw a year-over-year increase of 0.89% in FY14. However, that production increase was followed by a decline in FY15 of 0.2% and a 0.8% decline in FY16. Total production in FY16 increased to 1,175 billion cubic feet, higher than the August CREG expectations. The CREG is expecting total production to reach 1,144 billion cubic feet in FY17 and 1,108 billion cubic feet in FY18. Figure 12 shows the history and forecasted natural gas prices and volumes.

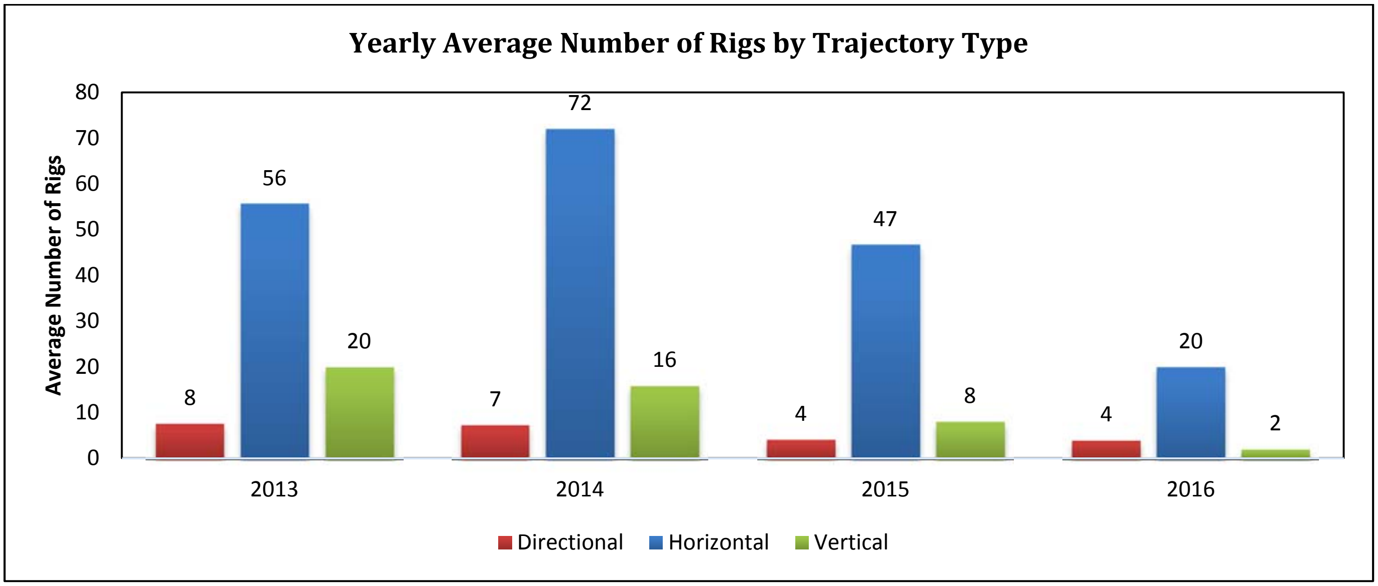
Figure 12: Natural Gas Prices and Volume



	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21
Volume	1545	1547	1520	1513	1431	1380	1295	1250	1228	1178	1188	1185	1175	1144	1108	1075	1044	1008
Price	$4.76	$5.84	$7.53	$6.57	$8.39	$5.65	$5.17	$5.51	$5.02	$4.38	$5.14	$3.78	$2.42	$3.15	$3.31	$3.26	$3.35	$3.45

Figure 13 serves to illustrate the types of wells active in New Mexico 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 proportional effect on oil or natural gas production; natural gas production has remained stable, while oil production increased between FY15 and FY16. The effects of fewer active rigs on production volumes may be offset by increases in technology used to extract the fuels primarily in horizontal wells. Though not included in this forecast there is upward pressure and potential revenue gains that could result from oil production, as the rig count increased from 13 in March, 2016 to 30 in August, 2016. It has, however, remained relatively constant for FY17 to date, with 32 in October, 2016 and 31 in November, 2016. While rig count has increased nationally, it increased most significantly in the Permian Basin.

Figure 13: Yearly Average Number of Drilling Rigs by Trajectory Type



Additional Risks to the Forecast

In FY15 and FY16 TRD increased its audit efforts. These efforts resulted in additional revenues being collected in most of the major tax programs including GRT, compensating tax, and PIT. TRD is continuing these efforts in FY17.

The federal discretionary budget authority is increased by $80 million over 2 years, evenly split between defense and nondefense spending. This additional spending will boost spending in New Mexico, including spending associated with the national laboratories, federal government and roads.

Upside risk also includes Pojoaque's casino not being included in the forecast as their gaming compact expired at the end of FY2015 and Pojoaque has not signed a new one. It appears that since then Pojoaque's casino has not reported their net win nor paid any revenue sharing. Presuming Pojoaque signs a standard 2015 Compact (and pay backdated revenue sharing), this would give an estimated additional $5.5 million per year of revenue for fiscal years 2016, 2017 & 2018, and an extra $5.7 million per year after that.

General Fund Consensus Revenue Estimate December 2016

Appendix 1

FY16

Revenue Source	Aug 2016 Est.	Pre-liminary Actual	Change from Prior	% Change from FY15	$ Change from FY15
Gross Receipts Tax	1,957.2	1,975.4	18.2	-5.7%	(119.7)
Compensating Tax	46.7	46.9	0.2	-34.7%	(25.0)
TOTAL GENERAL SALES	2,003.9	2,022.3	18.4	-6.7%	(144.7)
Tobacco Taxes	75.6	79.8	4.2	-3.1%	(2.5)
Liquor Excise	6.7	6.7	0.0	-74.4%	(19.5)
Insurance Taxes	208.0	207.9	(0.1)	38.7%	58.1
Fire Protection Fund Reversion	15.1	15.1	(0.0)	-0.6%	(0.1)
Motor Vehicle Excise	149.8	150.4	0.6	8.4%	11.7
Gaming Excise	63.0	63.1	0.1	-10.5%	(7.4)
Leased Vehicle Surcharge	5.5	5.5	0.0	5.7%	0.3
Other	3.6	3.0	(0.6)	511.7%	2.5
TOTAL SELECTIVE SALES	527.3	531.5	4.2	8.8%	43.0
Personal Income Tax	1,317.6	1,327.2	9.6	-0.9%	(12.5)
Corporate Income Tax	120.0	118.5	(1.5)	-53.4%	(136.0)
TOTAL INCOME TAXES	1,437.6	1,445.7	8.1	-9.3%	(148.5)
Oil and Gas School Tax	233.1	236.8	3.7	-36.9%	(138.6)
Oil Conservation Tax	11.3	11.4	0.1	-43.4%	(8.7)
Resources Excise Tax	11.2	11.2	0.0	-16.0%	(2.1)
Natural Gas Processors Tax	20.4	20.4	(0.0)	9.5%	1.8
TOTAL SEVERANCE TAXES	276.0	279.8	3.8	-34.6%	(147.7)
LICENSE FEES	54.8	54.8	0.0	-1.9%	(1.1)
LGPF Interest	555.1	555.1	0.0	10.4%	52.3
STO Interest	21.6	21.6	0.0	27.2%	4.6
STPF Interest	193.5	193.5	0.0	5.9%	10.8
TOTAL INTEREST	770.2	770.3	0.0	9.6%	67.8
Federal Mineral Leasing	390.0	390.0	0.0	-28.1%	(152.2)
State Land Office	53.8	47.8	(6.0)	13.2%	5.6
TOTAL RENTS & ROYALTIES	443.8	437.8	(6.0)	-25.1%	(146.6)
TRIBAL REVENUE SHARING	62.2	64.4	2.2	-4.1%	(2.8)
MISCELLANEOUS RECEIPTS	51.3	48.1	(3.2)	-14.4%	(8.1)
REVERSIONS	45.0	55.2	10.2	7.3%	3.7
TOTAL RECURRING	5,672.1	5,708.8	36.7	-7.8%	(485.9)
TOTAL NON-RECURRING	18.5	3.3	(15.2)	na	(37.9)
GRAND TOTAL	5,690.6	5,712.1	21.5	-8.4%	(523.8)

FY17

Revenue Source	Aug 2016 Est.	2016 Special Session Action	Adj. August 2016 Est.	Dec 2016 Est.	Change from Prior	% Change from FY16	$ Change from FY16
Gross Receipts Tax	1,944.5	9.2	1,953.7	1,868.6	(85.1)	-5.4%	(106.8)
Compensating Tax	49.5		49.5	50.0	0.5	6.7%	3.1
TOTAL GENERAL SALES	1,994.0	9.2	2,003.2	1,918.6	(84.6)	-5.1%	(103.7)
Tobacco Taxes	75.0		75.0	75.0	-	-6.0%	(4.8)
Liquor Excise	6.9		6.9	6.9	-	2.5%	0.2
Insurance Taxes	230.0		230.0	229.2	(0.8)	10.2%	21.3
Fire Protection Fund Reversion	13.1	1.7	14.8	15.5	0.7	2.9%	0.4
Motor Vehicle Excise	148.5		148.5	142.5	(6.0)	-5.2%	(7.9)
Gaming Excise	62.0		62.0	58.5	(3.5)	-7.2%	(4.6)
Leased Vehicle Surcharge	5.4		5.4	5.4	-	-2.5%	(0.1)
Other	2.1		2.1	2.2	0.1	-27.1%	(0.8)
TOTAL SELECTIVE SALES	543.0	1.7	544.7	535.2	(9.5)	0.7%	3.7
Personal Income Tax	1,339.0	4.2	1,343.2	1,331.0	(12.2)	0.3%	3.8
Corporate Income Tax	100.0		100.0	70.0	(30.0)	-40.9%	(48.5)
TOTAL INCOME TAXES	1,439.0	4.2	1,443.2	1,401.0	(42.2)	-3.1%	(44.7)
Oil and Gas School Tax	289.5		289.5	273.3	(16.2)	15.4%	36.5
Oil Conservation Tax	13.8		13.8	14.3	0.5	25.7%	2.9
Resources Excise Tax	13.0		13.0	13.0	-	16.0%	1.8
Natural Gas Processors Tax	10.0		10.0	10.0	-	-50.9%	(10.4)
TOTAL SEVERANCE TAXES	326.3		326.3	310.6	(15.7)	11.0%	30.8
LICENSE FEES	55.5		55.5	55.8	0.3	1.7%	0.9
LGPF Interest	538.2		538.2	540.5	2.3	-2.6%	(14.6)
STO Interest	23.3		23.3	-	(23.3)	-100.0%	(21.6)
STPF Interest	200.6		200.6	200.4	(0.2)	3.6%	6.9
TOTAL INTEREST	762.1		762.1	740.9	(21.2)	-3.8%	(29.4)
Federal Mineral Leasing	376.0		376.0	420.0	44.0	7.7%	30.0
State Land Office	52.7		52.7	55.0	2.3	15.0%	7.2
TOTAL RENTS & ROYALTIES	428.7	-	428.7	475.0	46.3	8.5%	37.2
TRIBAL REVENUE SHARING	61.9		61.9	64.2	2.3	-0.3%	(0.2)
MISCELLANEOUS RECEIPTS	58.0		58.0	61.5	3.5	28.0%	13.4
REVERSIONS	40.0	7.5	47.5	37.5	(10.0)	-32.1%	(17.7)
TOTAL RECURRING	5,708.4	22.6	5,731.0	5,600.2	(130.8)	-1.9%	(108.6)
TOTAL NON-RECURRING	62.0	186.3	248.3	202.8	(45.5)	na	199.5
GRAND TOTAL	5,770.4	208.9	5,979.3	5,803.0	(176.3)	1.6%	90.9

FY18

Revenue Source	Aug 2016 Est.	2016 Special Session Action	Adj. August 2016 Est.	Dec 2016 Est.	Change from Prior	% Change from FY17	$ Change from FY17
Gross Receipts Tax	2,089.7	25.9	2,115.6	2,007.9	(107.7)	7.5%	139.3
Compensating Tax	53.0		53.0	53.5	0.5	7.0%	3.5
TOTAL GENERAL SALES	2,142.7	25.9	2,168.6	2,061.4	(107.2)	7.4%	142.8
Tobacco Taxes	74.5		74.5	74.5	-	-0.7%	(0.5)
Liquor Excise	26.1		26.1	26.1	-	278.3%	19.2
Insurance Taxes	250.0		250.0	238.6	(11.4)	4.1%	9.4
Fire Protection Fund Reversion	11.8	3.4	15.2	15.9	0.7	2.6%	0.4
Motor Vehicle Excise	153.6		153.6	147.5	(6.1)	3.5%	5.0
Gaming Excise	62.6		62.6	58.0	(4.6)	-0.9%	(0.5)
Leased Vehicle Surcharge	5.4		5.4	5.4	-	0.0%	-
Other	2.1		2.1	2.2	0.1	0.0%	-
TOTAL SELECTIVE SALES	586.1	3.4	589.5	568.2	(21.3)	6.2%	33.0
Personal Income Tax	1,365.0	9.7	1,374.7	1,346.0	(28.7)	1.1%	15.0
Corporate Income Tax	88.0		88.0	100.0	12.0	42.9%	30.0
TOTAL INCOME TAXES	1,453.0	9.7	1,462.7	1,446.0	(16.7)	3.2%	45.0
Oil and Gas School Tax	302.0		302.0	295.9	(6.1)	8.3%	22.6
Oil Conservation Tax	14.9		14.9	15.5	0.6	8.4%	1.2
Resources Excise Tax	13.0		13.0	13.0	-	0.0%	-
Natural Gas Processors Tax	10.1		10.1	10.9	0.8	9.0%	0.9
TOTAL SEVERANCE TAXES	340.0		340.0	335.3	(4.7)	8.0%	24.7
LICENSE FEES	56.6		56.6	56.9	0.3	2.0%	1.1
LGPF Interest	583.8		583.8	580.7	(3.1)	7.4%	40.2
STO Interest	22.7		22.7	19.7	(3.0)	#DIV/0!	19.7
STPF Interest	210.6		210.6	210.6	-	5.1%	10.2
TOTAL INTEREST	817.1		817.1	811.0	(6.1)	9.5%	70.1
Federal Mineral Leasing	398.0		398.0	434.0	36.0	3.3%	14.0
State Land Office	53.7		53.7	55.0	1.3	0.0%	-
TOTAL RENTS & ROYALTIES	451.7		451.7	489.0	37.3	2.9%	14.0
TRIBAL REVENUE SHARING	61.2		61.2	64.7	3.5	0.7%	0.5
MISCELLANEOUS RECEIPTS	59.0		59.0	56.7	(2.3)	-7.8%	(4.8)
REVERSIONS	50.0		50.0	40.0	(10.0)	6.7%	2.5
TOTAL RECURRING	6,017.4	39.0	6,056.4	5,929.1	(127.3)	5.9%	328.9
TOTAL NON-RECURRING	-		-	-	-	na	(202.8)
GRAND TOTAL	6,017.4	39.0	6,056.4	5,929.1	(127.3)	2.2%	126.1

Note: Columns in blue show difference between August 2016 Consensus Revenue Estimate and December 2016 Consensus Revenue Estimate

Note: Columns in red show year-over-year growth expected in current December 2016 Consensus Revenue Estimate

12/3/2016

General Fund Consensus Revenue Estimate December 2016

Appendix 1

Revenue Source	FY19					FY20					FY21				
	Aug 2016 Est.	Dec 2016 Est.	Change from Prior	% Change from FY18	$ Change from FY18	Aug 2016 Est.	Dec 2016 Est.	Change from Prior	% Change from FY19	$ Change from FY19	Aug 2016 Est.	Dec 2016 Est.	Change from Prior	% Change from FY20	$ Change from FY20
Gross Receipts Tax	2,167.9	2,103.8	(64.1)	4.8%	95.9	2,241.5	2,209.2	(32.3)	5.0%	105.4	2,310.4	2,306.2	(4.2)	4.4%	97.0
Compensating Tax	57.2	57.8	0.6	8.0%	4.3	63.0	63.0	-	9.0%	5.2	69.3	69.3	-	10.0%	6.3
TOTAL GENERAL SALES	2,225.1	2,161.6	(63.5)	4.9%	100.2	2,304.5	2,272.2	(32.3)	5.1%	110.6	2,379.7	2,375.5	(4.2)	4.5%	103.3
Tobacco Taxes	74.0	74.0	-	-0.7%	(0.5)	73.5	73.5	-	-0.7%	(0.5)	73.0	73.0	-	-0.7%	(0.5)
Liquor Excise	28.9	28.9	-	10.7%	2.8	27.7	27.7	-	-4.2%	(1.2)	27.7	27.7	-	0.0%	-
Insurance Taxes	266.0	252.9	(13.1)	6.0%	14.3	283.0	272.9	(10.1)	7.9%	20.0	300.0	293.0	(7.0)	7.4%	20.1
Fire Protection Fund Reversion	10.5	16.4	5.9	3.1%	0.5	8.9	16.8	7.9	2.4%	0.4	7.3	17.3	10.0	3.0%	0.5
Motor Vehicle Excise	157.7	153.0	(4.7)	3.7%	5.5	162.0	159.0	(3.0)	3.9%	6.0	164.0	162.0	(2.0)	1.9%	3.0
Gaming Excise	63.2	58.0	(5.2)	0.0%	-	63.9	58.0	(5.9)	0.0%	-	64.5	58.0	(6.5)	0.0%	-
Leased Vehicle Surcharge	5.4	5.4	-	0.0%	-	5.4	5.4	-	0.0%	-	5.4	5.4	-	0.0%	-
Other	2.1	2.2	0.1	0.0%	-	2.1	2.2	0.1	0.0%	-	2.1	2.2	0.1	0.0%	-
TOTAL SELECTIVE SALES	607.8	590.8	(17.0)	4.0%	22.6	626.5	615.5	(11.0)	4.2%	24.7	644.0	638.6	(5.4)	3.8%	23.1
Personal Income Tax	1,404.0	1,370.0	(34.0)	1.8%	24.0	1,444.0	1,399.0	(45.0)	2.1%	29.0	1,494.0	1,447.0	(47.0)	3.4%	48.0
Corporate Income Tax	82.0	93.0	11.0	-7.0%	(7.0)	94.0	100.0	6.0	7.5%	7.0	94.0	108.0	14.0	8.0%	8.0
TOTAL INCOME TAXES	1,486.0	1,463.0	(23.0)	1.2%	17.0	1,538.0	1,499.0	(39.0)	2.5%	36.0	1,588.0	1,555.0	(33.0)	3.7%	56.0
Oil and Gas School Tax	298.7	299.1	0.4	1.1%	3.2	307.8	311.1	3.3	4.0%	12.0	317.4	322.7	5.3	3.7%	11.6
Oil Conservation Tax	15.7	15.7	-	1.3%	0.2	16.2	16.4	0.2	4.5%	0.7	16.8	17.0	0.2	3.7%	0.6
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	9.7	12.9	3.2	18.3%	2.0	9.4	13.0	3.6	0.8%	0.1	9.4	13.0	3.6	0.0%	-
TOTAL SEVERANCE TAXES	337.1	340.7	3.6	1.6%	5.4	346.4	353.5	7.1	3.8%	12.8	356.6	365.7	9.1	3.5%	12.2
LICENSE FEES	57.9	58.1	0.2	2.2%	1.3	59.3	59.6	0.3	2.5%	1.5	59.3	61.3	2.0	2.9%	1.7
LGPF Interest	613.2	614.6	1.4	5.8%	33.9	636.3	639.6	3.3	4.1%	25.0	657.5	662.9	5.4	3.6%	23.3
STO Interest	28.4	28.0	(0.4)	42.1%	8.3	41.4	38.5	(2.9)	37.5%	10.5	46.7	45.3	(1.4)	17.7%	6.8
STPF Interest	217.0	218.4	1.4	3.7%	7.8	224.6	223.7	(0.9)	2.4%	5.3	236.8	228.3	(8.5)	2.1%	4.6
TOTAL INTEREST	858.6	861.0	2.4	6.2%	50.0	902.3	901.8	(0.5)	4.7%	40.8	941.0	936.5	(4.5)	3.8%	34.7
Federal Mineral Leasing	420.0	435.0	15.0	0.2%	1.0	433.0	445.0	12.0	2.3%	10.0	445.0	457.0	12.0	2.7%	12.0
State Land Office	55.2	55.0	(0.2)	0.0%	-	55.7	55.0	(0.7)	0.0%	-	55.7	55.0	(0.7)	0.0%	-
TOTAL RENTS & ROYALTIES	475.2	490.0	14.8	0.2%	1.0	488.7	500.0	11.3	2.0%	10.0	500.7	512.0	11.3	2.4%	12.0
TRIBAL REVENUE SHARING	63.6	67.7	4.1	4.6%	3.0	63.5	68.2	4.7	0.8%	0.5	63.6	69.2	5.6	1.5%	1.0
MISCELLANEOUS RECEIPTS	59.9	59.5	(0.4)	4.9%	2.8	61.0	62.9	1.9	5.7%	3.4	61.0	66.6	5.6	5.9%	3.7
REVERSIONS	50.0	50.0	-	25.0%	10.0	50.0	50.0	-	0.0%	-	50.0	50.0	-	0.0%	-
TOTAL RECURRING	6,221.2	6,142.4	(78.8)	3.6%	213.3	6,440.1	6,382.7	(57.4)	3.9%	240.3	6,643.8	6,630.3	(13.5)	3.9%	247.7
TOTAL NON-RECURRING	-	-	-	na	-	-	-	-	na	-	-	-	-	na	-
GRAND TOTAL	6,221.2	6,142.4	(78.8)	3.4%	213.3	6,440.1	6,382.7	(57.4)	3.9%	240.3	6,643.8	6,630.3	(13.5)	3.9%	247.7

Note: Columns in blue show difference between August 2016 Consensus Revenue Estimate and December 2016 Consensus Revenue Estimate

Note: Columns in red show year-over-year growth expected in current December 2016 Consensus Revenue Estimate

U.S. and New Mexico Economic Indicators

Appendix 2

		FY15	FY16		FY17		FY18		FY19		FY20		FY21	
		Actuals	Aug 16 Forecast	Dec 16 Forecast	Aug 16 Forecast	Dec 16 Forecast	Aug 16 Forecast	Dec 16 Forecast	Aug 16 Forecast	Dec 16 Forecast	Aug 16 Forecast	Dec 16 Forecast	Aug16 Forecast	Dec 16 Forecast
	National Economic Indicators													
GI	US Real GDP Growth (annual avg. ,% YOY)*	2.7	2.0	1.7	2.2	2.0	2.5	2.2	2.3	2.2	2.4	2.1	2.3	2.1
Moody's	US Real GDP Growth (annual avg. ,% YOY)*	2.7	1.7	1.7	2.4	2.3	2.8	2.9	2.3	2.4	1.7	2.0	1.6	1.9
GI	US Inflation Rate (CPI-U, annual avg., % YOY)**	0.3	0.7	0.7	1.8	1.9	2.4	2.5	2.4	2.4	2.5	2.4	2.6	2.5
Moody's	US Inflation Rate (CPI-U, annual avg., % YOY)**	0.7	0.7	0.7	1.7	1.8	2.6	2.7	2.9	2.7	2.7	2.7	2.4	2.4
GI	Federal Funds Rate (%)	0.11	0.30	0.30	0.60	0.60	1.30	1.10	2.20	1.90	2.90	2.70	3.00	2.80
Moody's	Federal Funds Rate (%)	0.11	0.30	0.26	0.60	0.58	1.30	1.39	3.00	2.44	3.50	3.24	3.60	3.29
	New Mexico Labor Market and Income Data													
BBER	NM Non-Agricultural Employment Growth	1.2	0.2	0.5	0.9	0.7	1.3	1.2	1.3	1.4	1.3	1.5	1.1	1.2
Moody's	NM Non-Agricultural Employment Growth	1.4	0.4	0.4	1.7	0.0	1.9	1.0	1.5	1.1	0.9	1.2	0.3	0.6
BBER	NM Nominal Personal Income Growth (%)***	5.5	3.6	3.5	2.9	2.4	3.8	3.6	4.8	4.5	5.0	4.7	5.0	4.6
Moody's	NM Nominal Personal Income Growth (%)***	5.1	3.6	3.5	2.0	1.7	2.7	1.4	4.4	2.6	4.4	3.9	3.3	3.8
BBER	NM Total Wages & Salaries Growth (%)	3.8	1.8	1.2	2.9	2.4	4.1	4.0	4.2	4.2	4.1	4.4	4.2	4.3
Moody's	NM Total Wages & Salaries Growth (%)	3.8	1.8	1.2	2.9	0.7	4.2	2.6	4.8	3.5	3.9	4.3	2.8	3.1
BBER	NM Private Wages & Salaries Growth (%)	4.3	2.1	1.2	3.5	3.0	5.0	4.9	4.8	5.0	4.7	5.1	4.7	4.9
BBER	NM Real Gross State Product (% YOY)	2.1	-1.1	-0.5	1.4	0.4	2.3	2.3	2.4	2.3	2.3	2.2	2.6	2.4
Moody's	NM Real Gross State Product (% YOY)	1.7	-0.6	-0.6	1.5	0.6	2.3	1.7	1.9	1.5	1.6	1.7	1.7	1.7
CREG	NM Oil Price ($/barrel)	$60.67	$37.75	$37.85	$45.00	$43.00	$48.00	$48.00	$50.00	$50.00	$53.00	$53.00	$56.00	$56.00
CREG	NM Taxable Oil Volumes (million barrels)	141.4	146.0	146.7	140.0	143.0	140.0	143.0	140.0	143.0	140.0	143.0	140.0	143.0
	NM Taxable Oil Volumes (%YOY growth)	24.7%	3.3%	3.7%	-4.1%	-2.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-2.1%	0.0%
CREG	NM Gas Price ($ per thousand cubic feet)****	$3.78	$2.40	$2.42	$3.00	$3.15	$3.30	$3.31	$3.40	$3.26	$3.50	$3.35	$3.50	$3.45
CREG	NM Taxable Gas Volumes (billion cubic feet)	1,185	1,160	1,175	1,120	1,144	1,080	1,108	1,040	1,075	1,000	1,044	965	1,008
	NM Taxable Gas Volumes (%YOY growth)	-0.2%	-2.1%	-0.8%	-3.4%	-2.6%	-3.6%	-3.1%	-3.7%	-3.0%	-3.8%	-2.9%	-7.6%	-3.4%

<u>LFC, TRD Notes</u>

* 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 - October 2016 FOR-UNM baseline. Global Insight - November 2016 baseline.

<u>DFA Notes</u>

* Real GDP is BEA chained 2005 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 gas prices are estimated using a formula of NYMEX, EIA, and Moodys (June) future prices as well as a liquid premium based on oil price forecast
Sources: November 2016 Moody's economy.com baseline