

New numbers from the state on revenue, reserves

Written by By Laura Paskus NM Political Report
Friday, 18 August 2017 12:41



FY	2014	2015	2016	2017	2018	2019	2020	2021	2022
	Actual	Actual	Actual	Public Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Oil Price (\$/bbl)	95.75	61.72	37.85	45.10	44.50	45.50	47.00	48.00	50.00
Oil Volume (MMbbls)	110	137	146.7	150	153	156	159	162	165
Natural Gas Price (\$/mcf)	5.15	3.80	2.42	3.27	3.30	3.20	3.10	3.10	3.10
Natural Gas Volume (bcf)	1,170	1,174	1,175	1,210	1,210	1,210	1,210	1,210	1,210

On Aug. 16, *New Mexico Political Report* wrote about New Mexico's dipping reserves. In Fiscal Year 2016, the reserve fund was at \$146 million, and in Fiscal Year 2017, New Mexico was \$67 million in the red.

Now, the Legislative Finance Committee has released its revenue forecast for the state.

Among the report's highlights:

Preliminary FY 2017 ending reserve balances are \$329 million. Projected FY 2018 ending reserve balances are \$206 million.

Preliminary recurring revenue for Fiscal Year 2017 is \$5.7 billion. That's \$140.4 million higher than the December 2016 consensus estimate, thanks in large part to gross receipts tax revenues.

Forecasts for corporate income tax called for \$70 million in FY 2014, but actually generated only \$40.7. By contrast, in FY 2016, the state collected \$118.5 million. The average between 2013-2015 was \$240 million.

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In FY 2018, the general fund will receive \$584.8 million from the land grant permanent fund and \$210.4 million from the severance tax permanent fund.

In 2017, New Mexico's unemployment rate was about 6.7 percent. Nationwide, unemployment averaged 4.7 percent. The only state with a higher unemployment rate than New Mexico's was Alaska. In FY 2018, the state's unemployment rate is expected to drop to about 6.3 percent.

Non-mortgage household debt in New Mexico grew faster than personal income from the end of 2013 through the present. That was due mostly to student loans and automotive debt.

In 2016, New Mexican non-mortgage household debt per capita was \$11,500 and per capita personal income was \$38,800.

Personal income tax collections in FY 2017 fell short of the December forecast by about \$46 million.

The oil and natural gas industry experienced "modest recovery" in the last year, but prices still remain low. Drilling activity has increased, but oil prices remain below \$50 per barrel and are expected to stay low through the foreseeable future. Natural gas production is increasing, too, and though prices still remain low more electricity is starting to be generated via natural gas than coal, which is increasing demand for gas.

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