

New Mexico Finance Authority

Issuer: New Mexico Finance Authority

Assigned	Ratings	Outlook
State Transportation Revenue Bonds (State Transportation Commission – Subordinate Lien), Series 2021A	AAA	Stable
State Transportation Revenue Bonds (State Transportation Commission – Senior Lien)	AAA	Stable

Methodology

- [U.S. Special Tax Revenue Bond Rating Methodology](#)
- [ESG Global Rating Methodology](#)

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Rating Summary: The New Mexico Finance Authority (Authority) is issuing \$234,600,000 of State Transportation Revenue Bonds (State Transportation Commission – Subordinate Lien) Series 2021A on a parity with \$484,900,000 of outstanding bonds (in aggregate, the Subordinate Lien Bonds). The Subordinate Lien Bonds are junior to the \$278,650,000 of outstanding Senior Lien Bonds. No further Senior Lien or Subordinate Lien Bonds are currently authorized to be issued. KBRA has assigned the same rating to the both the Senior Lien and Subordinate Lien Bonds.

The Subordinate Lien bonds are payable from a substantial portion of the State’s collection of a comprehensive array of transportation related taxes and fees including the motor vehicle fuel tax, special fuel tax (primarily diesel), motor vehicle registration fees, driver license fees, weight and distance taxes, and other taxes and fees together with Federal reimbursements for eligible projects under the Federal Aid Highway Program (FAHP). The State has pledged these allocations of the transportation taxes and Federal reimbursements (the Pledged Revenues) as security for the Subordinate Lien Bonds, junior to the outstanding Senior Lien Bonds. The

application of the Pledged Revenues to pay debt service is not dependent upon annual appropriation. Furthermore, the State Constitution prohibits the reduction in rate or allocation in any of these Pledged Revenues or their diversion to other purposes until the Senior Lien and Subordinate Lien Bonds are paid in full.

The Senior and Subordinate Lien Bonds are authorized by State law to be issued up to \$1.6 billion. The current issue of Subordinate Lien Bonds will exhaust this amount and no further issuance of Senior or Subordinate Lien bonds are authorized. The State indicates that no further bond authorizations are currently anticipated.

The pledged transportation taxes and fees are levied statewide and have generally shown good growth characteristics. Collections did decline by 2% in fiscal 2020 reflecting the drop in travel and highway usage caused by the restrictions on commercial activities in the early months of the pandemic. The overall decline of -0.3% in 2020 was muted, however, by modest growth in taxes on diesel fuel, reflecting the State’s location and importance to regional commercial truck traffic.

The New Mexico economy is driven by oil and gas production, government (including significant military installations), tourism, agriculture, mining, and more recently semi-conductor manufacturing. Wealth levels are below national averages. The State is the 3rd largest producer of crude oil and the 8th largest producer of natural gas in the U.S. Population and employment growth over the past 10 years has lagged U.S. trends in large measure reflecting conditions in the energy sector. The recent increase in oil prices augurs well for economic activities within the State going forward at least in the near term.

Total Pledged Revenues provide 4.38X coverage of maximum annual debt service on all outstanding Senior Lien and Subordinate Lien Bonds including the current issue. KBRA applied a stress case analysis to the Pledged Revenues that generally reduced the amount of available taxes, fees and Federal reimbursements by levels that exceeded historical experience. Under these stress case conditions which reduced total Pledged Revenues by over 12%, the coverage of maximum annual debt service remained adequate at 3.84X under these conditions.

The Senior and Subordinate Lien Bonds have a favorable amortization profile. The current issue is fully amortized by 2030 and all outstanding Senior and Subordinate Lien Bonds are amortized by 2032.

The Stable Outlook reflects the favorable coverage of all outstanding Senior and Subordinate Lien Bonds and that no further authorization is in place for additional issuance of Senior Lien or Subordinate Lien Bonds.



Key Credit Considerations

KBRA continues to monitor the direct and indirect impacts of the COVID-19 virus. Click [here](#) to access KBRA's ongoing research on the topic.

The rating was assigned because of the following key credit considerations:

Credit Positives

- Pledged Revenues, which include a state-wide collection of transportation taxes and fees, provides favorable coverage of 4.38X.
- Debt amortization is rapid.
- No further Senior Lien or Subordinate Lien debt issuance is anticipated.

Credit Challenges

- The State's economic dependence upon the energy sector presents longer term vulnerabilities.
- Wealth levels are below average.

Rating Sensitivities

▪ NA	+
▪ Pronounced decline in collection of Pledged Revenues	-

Rating Highlights

Total State Population:	2,106,000
Total Pledged Revenues, FY 2020:	\$ 852,575
MADS, Senior & Junior:	\$ 194,566
Debt service coverage (X):	4.38
Total Pledged Revenues, KBRA Stress Case:	\$ 747,401
MADS, Senior & Junior:	\$ 194,566
Debt service coverage (X):	3.84
State per capital income, 2020:	\$ 45,803
U.S. per capita income, 2020:	77.0%
State Unemployment Rate, April 2021:	7.6%
U.S. Unemployment Rate, April 2021:	5.7%



Rating Determinants (RD)	Senior	Subordinate
1. Legal Framework	AAA	AAA
2. Nature of Special Tax Revenues	AAA	AAA
3. Economic Base and Demographics	A+	A+
4. Revenue Analysis	AAA	AAA
5. Coverage and Bond Structure	AAA	AAA

RD 1: Legal Framework

The Bonds are issued by the New Mexico Finance Authority (Authority) under the provisions of NMSA 1978 Sec. 67-3-59.3 (Act) and are payable from and secured by a pledge of State Revenues and Federal Revenues under the terms of the Trust Indenture between the Authority and the Trustee, BOKF, NA. The currently offered bonds are Subordinate Lien Bonds, which together with outstanding Subordinate Lien Bonds total \$763.6 million. The Subordinate Lien Bond are subordinate to \$278,650,000 of Senior Lien Bonds. Following the current issuance, no further Senior Lien Bonds or Subordinate Lien Bonds are authorized to be issued under the Act.

The State Revenues are received by the New Mexico Department of Transportation (Department) and consist of several transportation related taxes or fees including motor vehicle fuel taxes, special fuel taxes (primarily diesel fuel), motor vehicle registration fees and weight and distance taxes. The State has allocated a portion of these taxes (which generally consists of all receipts or a substantial proportion of receipts of each tax or fee) to be deposited in the State Road Fund.

Federal Revenues are those revenues received by the Department pursuant to the Federal Aid Highway Program (FAHP) under Federal law for eligible highway projects that are also deposited in the State Road Fund. All funds deposited in the State Road Fund are pledged to repayment of the Bonds. The Department is responsible for the administration of all Federal highway projects within the State.

The Department is a cabinet level department within the executive branch. The New Mexico Transportation Finance Commission (Commission) is an instrumentality of the State governed by a six-member commission with one member from each of the six transportation districts within the State. The six members are appointed by the Governor with the advice and consent of the Senate. The Department's budget is subject to review by the Commission. The Commission has authorized the issuance of the Senior Lien and Subordinate Lien Bonds.

The Authority was established by State Law in 1992 and is a governmental instrumentality separate and apart from the State.

Non-Impairment Provisions

Under State law, the special taxes levied to support debt service on the Senior and Subordinate bonds shall not be repealed or amended in a manner that would impair the payment of debt service on the Senior and Subordinate bonds. Furthermore, the New Mexico State Constitution prohibits the enactment of any law that would decrease the special taxes paid into the State Road Fund or divert them to another purpose as long as any of the Senior or Subordinate bonds are outstanding.

Flow of Funds

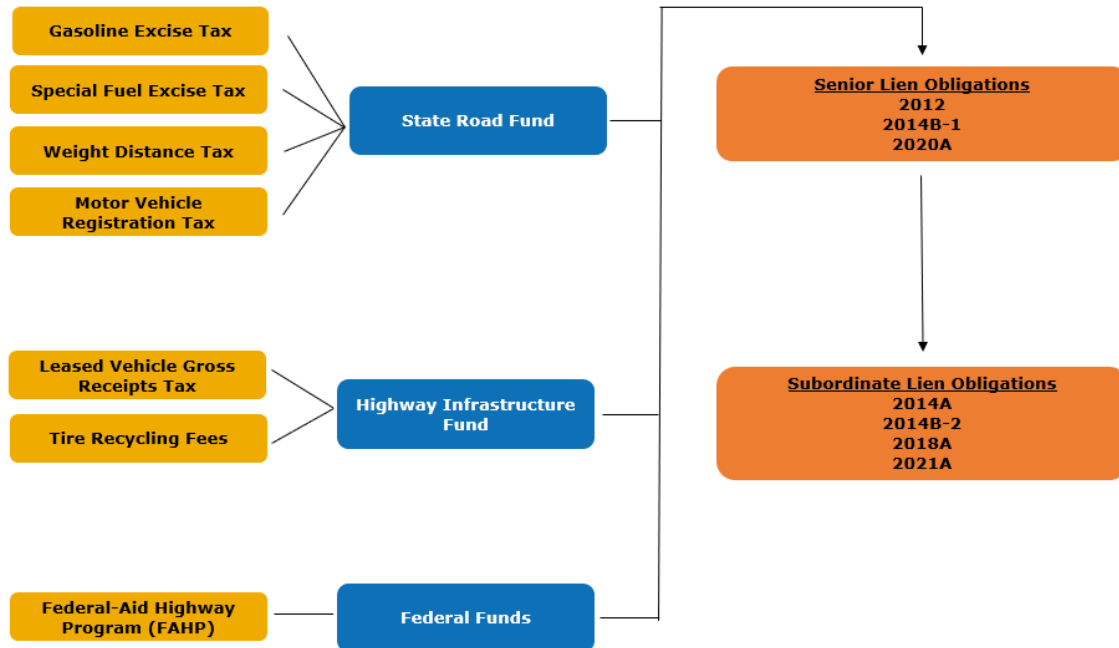
Substantially all of the taxes and fees attributable to the State Road Fund are collected and administered by the State's Tax and Revenue Department and transferred by the State Treasurer from various suspense funds to the State Road Fund and the Highway Infrastructure Fund on a monthly basis.

The Department and the Federal Highway Administration (FHWA) have entered into a Memorandum of Understanding that sets forth the procedures for managing the debt service related to eligible Federal projects. Under the MOU, reimbursement from the FHWA is received semi-annually.

The Pledged Funds received by the Authority are deposited in the Revenue Fund maintained by the Trustee under the Indenture. On the 1st day of each month the Trustee shall withdraw from the Revenue Fund and deposit to the following funds and accounts in the following order of priority:

1. To the Rebate Fund any amounts required
2. To the Senior Lien Interest Account 1/6th of the next interest payment
3. To the Senior Lien Principal Account 1/12th of the next principal payment
4. To the Senior Lien Debt Service Reserve account, if applicable, to replenish any deficiency
5. To the Subordinate Interest Account 1/6th of the next interest payment
6. To the Subordinate Principal Account 1/12th of the next principal payment
7. To the Subordinate Lien Debt Service Reserve account, if applicable, to replenish any deficiency

Figure 1



Additional Bonds Test

Under the Indenture, no further Senior Lien Bonds can be issued unless the amount of historical State Revenues collected provide at least 3.0X coverage of outstanding and proposed debt service and historical total Pledged Revenues provide at least 3.5X coverage of outstanding and proposed debt service.

Under the Indenture, no further Subordinate Lien Bonds can be issued unless historical Pledged Revenues provide at least 3.0X coverage of outstanding and proposed debt service.

However, no further Senior or Subordinate Lien Bonds are authorized to be issued under the Act.

Debt Service Reserve Fund

The Master Trust Indenture describes the terms of the Senior Lien Debt Service Reserve Account and Junior Lien Debt Service Reserve Account should they be funded. Neither of these reserve accounts have been funded to date.

Bankruptcy

KBRA has consulted outside counsel on bankruptcy and legal matters and the following represents our understanding of the material bankruptcy and legal issues relevant to the Authority.

To be a debtor under the municipal bankruptcy provisions of the U.S. Bankruptcy Code (Chapter 9), a local governmental entity must, among other things, qualify under the definition of "municipality" in the Bankruptcy Code, and must also be specifically authorized to file a bankruptcy petition by the State in which it is located. The Authority is a public body politic and corporate that is organized and existing under state law, and thus is a "municipality" as defined under the Bankruptcy Code. As to authorization, New Mexico does not provide the required specific authorization for its government entities to file a Chapter 9 petition. That said, state law could be amended generally, or specific to the Authority, to permit a filing under Chapter 9 by the Authority.

If the Authority were to file a petition commencing a Chapter 9 proceeding, Chapter 9 provides for post-petition recognition of (i) a security interest represented by a pledge of specific special tax revenues or municipal enterprise revenues (each "special revenues") and also (ii) a statutory lien on revenues pledged for government obligations. By contrast, the pledge of general taxes, fees or other general revenues for obligations of a government body is not recognized as a security interest or lien that survives the filing of a petition under Chapter 9.

The Pledged Revenues pledged to pay the Bonds are defined by the Indenture to mean, collectively, State Revenues and Federal Revenues. (1) "State Revenues" are defined as (i) proceeds of the collection of gasoline taxes, special fuels taxes, vehicle transaction taxes or fees, driver's license fees, oversize/overweight permit fees, certain Public Regulation Commission fees, trip taxes, weight/distance taxes, motor vehicle registration fees, and motor vehicle excise taxes (to the extent authorized to be paid into the State Road Fund), in each case that are required by law to be paid into the



State Road Fund, and interest on amounts in the State Road Fund; (ii) proceeds of the collection of leased vehicle gross receipts taxes and tire recycling fees in each case that are required by law to be paid into the Highway Infrastructure Fund and interest on amounts in the Highway Infrastructure Fund; and (iii) such additional moneys as may in the future be authorized to be (and are) pledged by the Finance Authority as security for Obligations (as defined in the Indenture) pursuant to a Supplemental Indenture. (2) "Federal Revenues" are defined to mean proceeds from federal aid revenues received by or on behalf of, or available to the Department pursuant to federal law, not otherwise obligated by federal or state law, that are paid into the State Road Fund or as may be authorized or permitted by federal or state law to be pledged to be (and are) pledged by the Authority as security for Obligations pursuant to a Supplemental Indenture.

The Authority does not contend that the pledge of the Pledged Revenues constitutes a special revenues lien or a statutory lien.

KBRA has consulted outside counsel, and is informed that because (a) the funds pledged to pay the Bonds are not from a separate, dedicated source of revenues that meets the definition of "special revenues" under Chapter 9, and (b) there is no statutory lien imposed on the tax revenues pledged to pay the Bonds, therefore holders of the Bonds would likely be treated as unsecured creditors of the Authority in a Chapter 9 proceeding of the Authority.

KBRA is informed that, under New Mexico state law, bondholders receive certain protections provided for transportation bonds.

State law provides that no income earned on the State Road Fund may be transferred to another fund. Further, distributions from the State Road Fund may be used only for maintenance, construction and improvement of state transportation projects and to meet federal allotments under federal law, but the State Treasurer must set aside sufficient money from the State Road Fund each year to pay the principal of and interest due each year on state transportation revenue bonds issued based on future collection of revenues attributable to the State Road Fund.

In addition, KBRA is informed, the New Mexico Constitution and state statutes provide additional protection. The New Mexico Constitution prohibits the enactment of any law that would decrease the amount of the annual revenues pledged for the payment of state highway indebtedness or which would divert any of such revenues to any other purpose so long as any such indebtedness remains unpaid. Also, New Mexico statutory law provides that any law authorizing the imposition or distribution of taxes or fees paid into the State Road Fund or the Highway Infrastructure Fund, or that affects those taxes and fees, shall not be amended or repealed or otherwise directly or indirectly modified so as to impair any outstanding bonds secured by a pledge of revenues from those taxes and fees paid into the State Road Fund or the Highway Infrastructure Fund, unless the bonds have been discharged in full or provisions have been made for a full discharge. In addition, while any bonds issued by the Authority (under the state law authorizing the Bonds) remain outstanding, the powers or duties of the State Transportation Commission or the Authority shall not be diminished or impaired in any manner that will affect adversely the interests and rights of the holders of such bonds.

RD 2: Nature of Special Tax Revenues

The pledged revenues consist of both State Revenues and Federal Revenues.

State Revenues

The special tax revenues consist of transportation related taxes and fees collected by the state. The special taxes include gasoline excise taxes, special fuel taxes, weight and distance taxes, motor vehicle registration fees, and other transportation taxes and fees. The state allocates a portion of each of these taxes to the State Road Fund and pledges this allocated amount to repay the bonds. The largest of the special taxes in terms of amount is the gasoline tax which is 17 cents per gallon, and about $\frac{3}{4}$ of the amount collected is deposited in the State Road Fund. The next largest special tax is the Special Fuel Tax (primarily levied on diesel fuel) which is levied at 21 cents per gallon, 19 cents of which is deposited in the State Road Fund. Also pledged are gross receipts taxes on leased vehicles and tire recycling fees that are required to be paid into the Highway Infrastructure Fund by State law. Further details on each of the special taxes is provided in Figure 2 below.



Figure 2
State Road Fund

Revenue Source	Description
Gasoline Excise Tax	The Gasoline Tax Act imposes a tax of 17 cents per gallon on gasoline received in the State. Approximately ¾ of the tax is deposited into the State Road Fund
Special Fuel Excise Tax	The Special Fuels Supplier Tax Act imposes the tax on special fuels which was increased to 21 cents per gallon from 18 cents per gallon, effective June 30, 2004. The State Road Fund receives 19 cents of the 21 cent tax
Weight Distance Tax	The Weight Distance Tax Act imposes a tax on motor vehicles weighing 26,001 pounds or more. Effective July 1, 2004, the tax increased by approximately 38%
Motor Vehicle Registration Fees	The share of motor vehicle fees distributed to the State Road Fund increased from 66.54% to 74.65% effective March 1, 2004
Motor Vehicle Excise Tax	Distribution of motor vehicle excise taxes to the State Road Fund was approved in 2018, effective FY2019. The distribution to the State Road Fund was subsequently increased, and is expected to add more than \$40 million FY2022

Highway Infrastructure Fund	
Revenue Source	Description
Lease Vehicle Gross Receipts Tax	An excise tax of 5% of the gross receipts from vehicle leasing. 75% of collections are deposited into the Highway Infrastructure Fund and the remaining 25% to the Local Government Road Fund
Tire Recycling Fees	The Highway Infrastructure Fund's portion of the fee is 50 cents per year for motorcycles, one dollar per year for passenger vehicles and trucks under 26,000 pounds, and 25 cents per wheel in contact with the ground for buses

Federal Revenues

Also pledged to bond repayment are Federal revenues received by the State for transportation projects approved by Federal law. These Federal revenues are received under several programs, broadly referred to as the Federal Aid Highway Program (FAHP), and consisting of the Fixing America's Surface Transportation Act (FAST), Moving Ahead for Progress in the 21st Century Act (MAP 21) and consisting of several programs that implement these acts.

FAHP is a reimbursement program administered by the Federal Highway Administration (FHWA). Once projects are approved by FHWA and funds are obligated, the Federal government makes payments or reimbursements to the states for costs as they are incurred on approved projects. These reimbursements may include debt service on debt issued to finance an approved project. Federal reimbursements are typically to be matched with state and/or local funds, most typically with an 80 percent Federal share, although Interstate highway rehabilitation is typically at a 90 percent Federal share.

Funding under the FAHP generally includes a multi-year authorization by the U.S. Congress, obligation of funds for authorized projects, annual appropriation by Congress to fund the obligations, and reimbursement by the Federal government of eligible project costs.

RD 3: Economic Base and Demographics

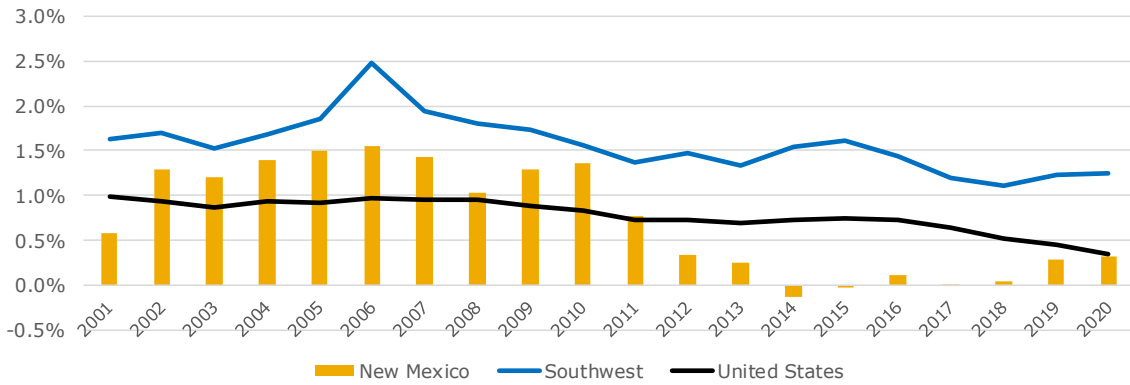
The State of New Mexico is located in the Southwest region of the U.S. With a population of 2.1 million it is the 37th largest state by population in 2019 and the 5th largest by land area. The State is the 3rd largest producer of crude oil (behind Texas and North Dakota) and 8th largest producer of natural gas in the US. Major petroleum and natural gas deposits are located in the Permian Basin in southeast New Mexico and in the San Juan Basin in the northwest. Other major industries in the State include semi-conductor manufacturing, tourism, agriculture-agribusiness, government, and mining. New Mexico also has a large U.S. military presence. It is home to three air force bases, a military testing range, an army proving ground and maneuver range.

Demographics

State population growth has trailed the domestic average over the last decade and has slowed since 2010. Population growth increased at a 0.20% 10-Year CAGR compared to the Southwest region and nation overall at 1.35% and 0.63%, respectively.



Figure 3
% Change in Population



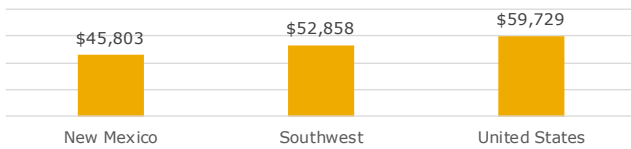
	2000	2010	2020	% Δ 2010 to 2020	10-Year CAGR (2020)
New Mexico	1,821,204	2,064,614	2,106,319	2.0%	0.20%
Southwest	31,380,654	37,473,867	42,869,262	14.4%	1.35%
United States	282,162,411	309,327,143	329,484,123	6.5%	0.63%

Source: U.S. Bureau of Economic Analysis

The State's wealth and income levels have historically trended below region and national averages. In 2019, New Mexico's personal income per capita of \$45,803 represents 77% of the U.S. average. The poverty level of 18.2% trends higher than both the region and nation at 15.1% and 12.3%, respectively.

Figure 4

Personal Income Per Capita



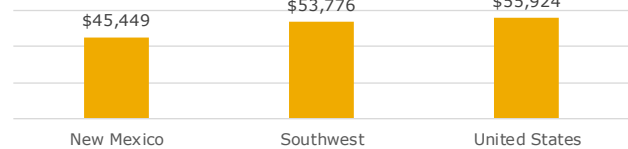
As of 2020

	% Δ 2010 to 2020	Comparison
New Mexico	36.6%	-
Southwest	42.7%	87% of Region
United States	47.3%	77% of U.S.

Source: U.S. Bureau of Economic Analysis

Figure 5

Real GSP Per Capita



As of 2020

	% Δ 2010 to 2020	Comparison
New Mexico	7.8%	-
Southwest	11.6%	84.5% of Region
United States	10.9%	81.3% of U.S.

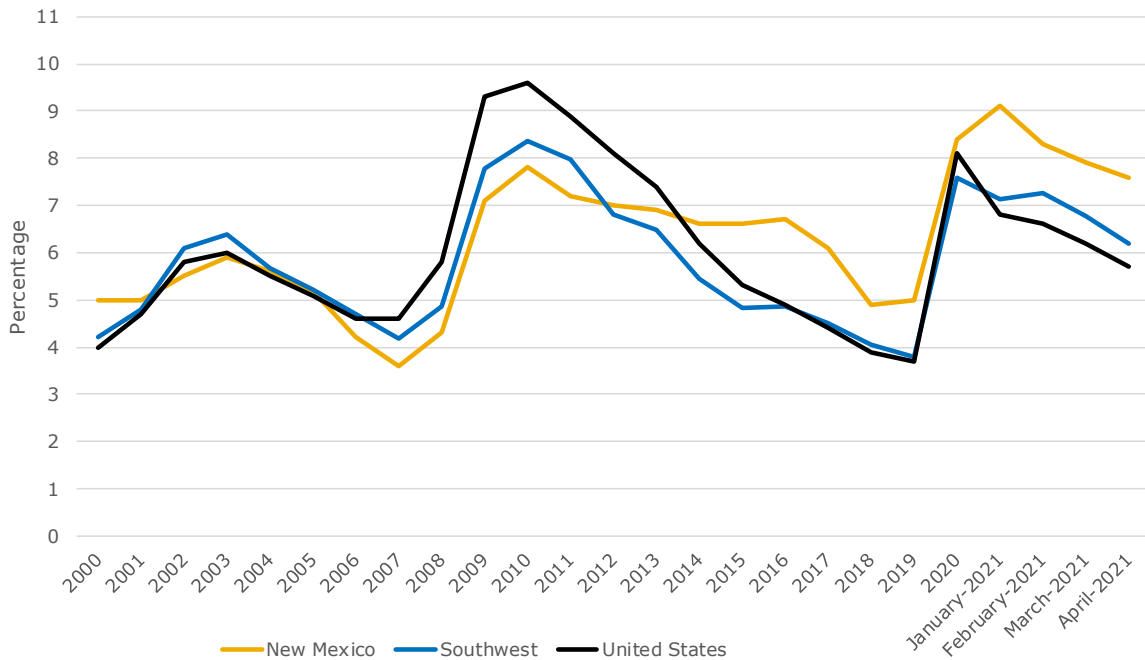
Employment

Like other States, New Mexico's employment was significantly impacted by the pandemic. Employment declined by 5.3% YoY in 2020 but has shown signs of recovery with employment in April 2021 representing 96.2% of 2019 pre-pandemic levels. In comparison, employment levels in the Southwest region and U.S. represented 97.9% and 96%, respectively, of 2019 levels.

Since 2014, the State's unemployment rate has consistently trended higher than both the region and nation. The onset of the pandemic in March 2020 caused the unemployment rate to surge from 5% in 2019 to 8.4% in 2020. Recovery to-date has been gradual, with the April 2021 unemployment rate at 7.6%.



Figure 6
Unemployment Rates

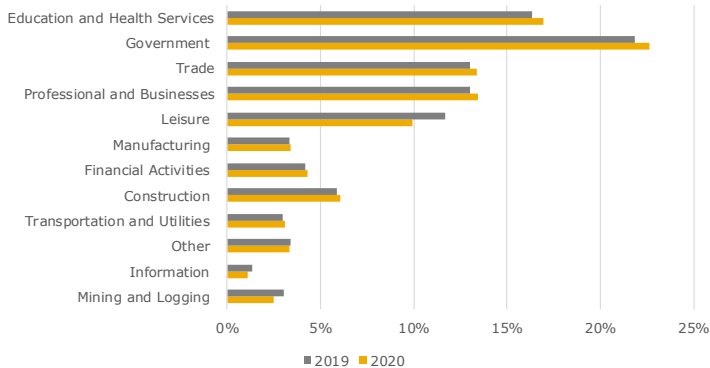


	New Mexico	Southwest	United States
April-2021	7.6	6.2	5.7
Great Recession Peak	7.8	8.4	9.6
Point Δ Since Great Recession Peak	-0.2	-2.2	-3.9

Source: U.S. Bureau of Labor Statistics

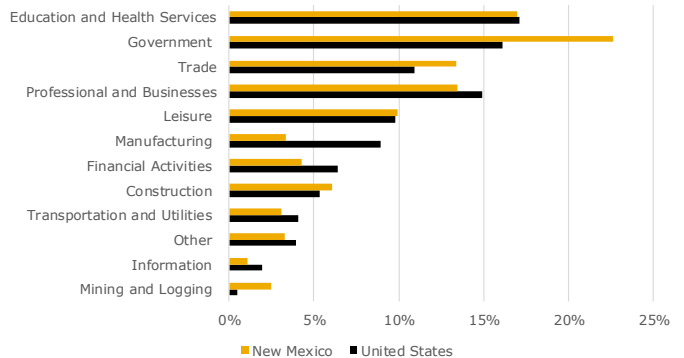
The government sector, which makes up the State’s largest employment sector (at 22.6%), provides a pool of relatively stable jobs. Trade, professional services and the education and health services, make up the remaining majority of the State’s employment sectors. Not surprisingly, tourism related employment experienced one of the largest year-over-year decreases (20.7%) as a result of the pandemic.

Figure 7
New Mexico
Employment by Sector
2019 vs. 2020



Source: U.S. Bureau of Labor Statistics

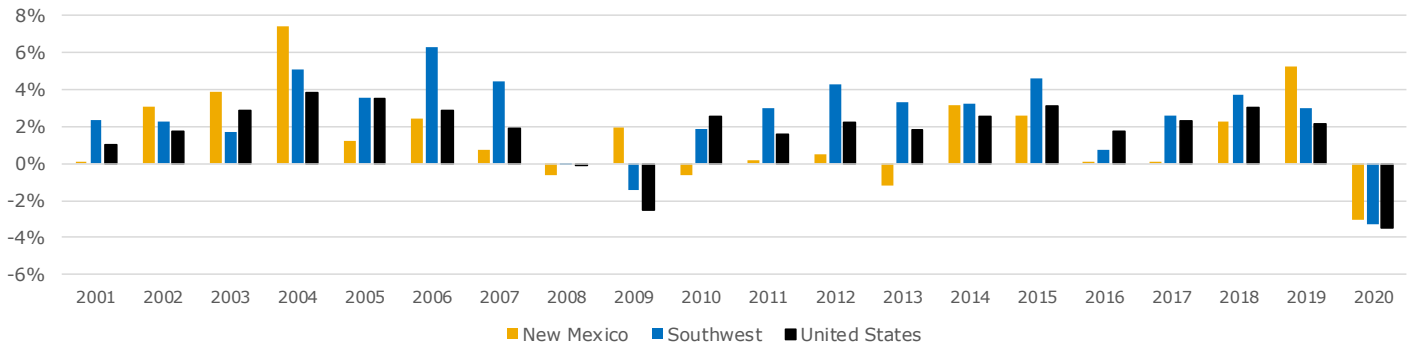
Figure 8
New Mexico vs. United States
Employment by Sector
Year 2020



Economic Output Performance

New Mexico's real (inflation adjusted) GSP experienced a pronounced decline and weaker recovery following the Great Recession than the region and U.S. overall, contracting in four of the last thirteen years. In KBRA's view, the decline reflects poor performance and fluctuations in the price of oil which has accounted for, on average, 12.3% of the State's GDP since 2007.

Figure 9
Real GSP Annual Change
(chained 2012 dollars)



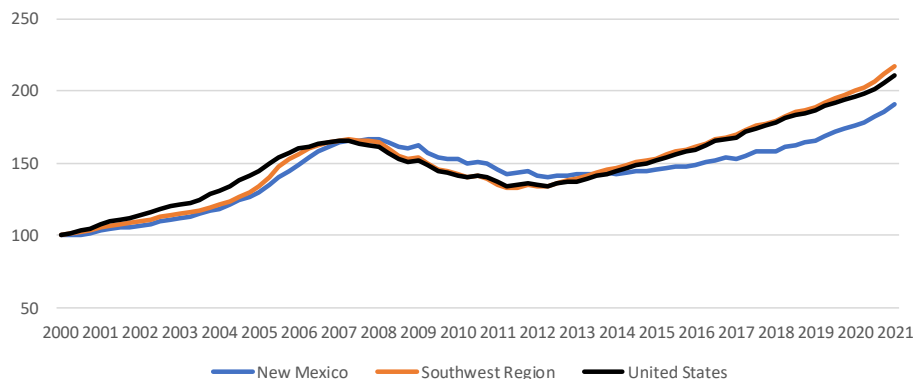
(\$ in Millions)	2000	2010	2020	% Δ 2010 to 2020	10-Year CAGR (2020)
New Mexico	71,960,200	87,053,800	95,730,800	10.0%	1.0%
Southwest	1,401,130,900	1,805,770,300	2,307,729,800	27.8%	2.5%
United States	13,130,987,000	15,598,753,000	18,426,076,000	18.1%	1.7%

Source: U.S. Bureau of Economic Analysis

Housing Market

The impact of the Great Recession was milder on New Mexico's housing market than on the Southwest region and overall U.S. as home value appreciation between 2008 and 2013 declined annually but still continued to surpass both the region and nation. By 2014, home values in the Southwest region and U.S. experienced greater year-over-year improvements than the State and as of Q1 2021 home values in New Mexico are 14.3% above the prior Q1 2007 peak compared to the Southwest region and U.S. home values which exceed their prior peaks by 30.68% and 27.2%, respectively. Home values have performed well through the pandemic and as of Q1 2021 are up 8.2% versus the region up by 8.7% and U.S. up by 7.2%.

Figure 10
Home Values Indexed to 2000Q1
2000Q1 to 2021Q1



Source: Federal Housing Finance Agency

RD 4: Revenue Analysis

The historical trends in collections for the individual components of the Pledged Revenues are shown in Figure 11 below. The growth in aggregate pledged revenues has been above inflation in recent years. The decline in collections in 2020 was influenced by the pandemic. The overall decline was muted by growth during the year in the consumption in diesel fuel, as New Mexico serves as an important route for long haul truck transportation. The allocation to the State Road Fund of Motor Vehicle Excise Taxes has been increased for FY 2022 which is expected to add more than \$40 million of additional receipts to Pledged Revenues.

Figure 11

Actual and Estimated Pledged Revenues (in thousands)											
	2017	Δ YOY (%)	2018	Δ YOY (%)	2019	Δ YOY (%)	2020	Δ YOY (%)	2021 Estimate	Δ YOY (%)	2022 Estimate
State Road Fund											
Gasoline Tax	\$113,022	2.8%	\$116,147	1.0%	\$117,365	-4.8%	\$111,778	-1.5%	\$110,100	3.1%	\$113,500
Special Fuel Tax	100,066	8.1%	108,141	4.8%	113,383	4.3%	118,279	0.0%	118,300	0.1%	118,400
Weight/Distance	84,008	2.7%	86,278	9.0%	94,016	-1.9%	92,251	1.5%	93,600	2.1%	95,600
Trip Tax	5,951	2.9%	6,124	10.4%	6,758	-7.9%	6,227	20.4%	7,500	1.3%	7,600
Vehicle Registration	79,232	1.2%	80,204	2.8%	82,453	-3.8%	79,312	4.2%	82,610	-1.8%	81,150
Vehicle Transaction	1,158	-0.4%	1,153	-0.4%	1,148	-12.6%	1,003	-0.3%	1,000	13.0%	1,130
Driver's License	3,816	9.8%	4,191	-1.8%	4,117	-2.2%	4,028	6.8%	4,300	0.7%	4,330
Oversize/Overweight	5,104	25.6%	6,412	12.7%	7,225	-0.7%	7,173	-3.5%	6,920	8.2%	7,490
Public Regulatory Commission Fees	3,291	2.1%	3,359	75.4%	5,891	-50.2%	2,933	12.5%	3,300	0.0%	3,300
MVD Miscellaneous Fees	5,260	20.2%	6,322	1.3%	6,407	-14.0%	5,510	-23.8%	4,200	42.9%	6,000
Motor Vehicle Excise Tax	0	-	0	-	6,562	-9.6%	5,934	13.9%	6,760	609.5%	47,960
Road Fund Interest	310	234.9%	1,037	307.1%	4,222	49.6%	6,316	-74.5%	1,610	60.2%	2,580
Total State Road Fund	401,219	4.5%	419,368	7.2%	449,547	-2.0%	440,744	-0.1%	440,200	11.1%	489,040
Highway Infrastructure Fund											
Lease Vehicle Gross Receipts	5,964	4.3%	6,220	8.7%	6,760	-20.9%	5,345	-30.8%	3,700	18.9%	4,400
Tire Recycling Fees	1,868	0.6%	1,878	1.7%	1,910	-3.2%	1,849	2.8%	1,900	0.0%	1,900
Interest	11	20.0%	13	469.2%	74	27.0%	94	-78.7%	20	50.0%	30
Total Highway Infrastructure Fund	7,842	3.4%	8,111	7.8%	8,744	-16.7%	7,288	-22.9%	5,620	12.6%	6,330
Federal Funds											
	377,030	2.6%	386,843	2.5%	396,589	2.0%	404,543	0.0%	404,543	0.0%	404,543
Total Pledged Revenues	786,092	3.6%	814,322	5.0%	854,880	-0.3%	852,575	-0.3%	850,363	5.8%	899,913

RD 5: Coverage and Bond Structure

Figure 12 below shows the debt service coverage provided under the outstanding senior and subordinate bonds by Pledged Revenues collected in FY 2020, and under a Stress Case developed by KBRA. To develop this Stress Case, KBRA made the following adjustments:

1. Reduced State Road Fund receipts by 5%, which is roughly twice the level of decline experienced in FY 2020 due to the pandemic.
2. The Highway Infrastructure Fund revenues were more significantly affected by the pandemic, so the Stress Case adjustment is to reduce the FY 2021 expected collections (already lower than the FY 2020 collections) by an additional 10%.
3. The decline in Federal Revenues is assumed to be 20% lower than FY 2020 based upon about twice the level of decline experienced in FY 2014 (not shown on Figure 12)

The level of coverage in the Stress Case is still considered to be at a comfortable level.

Figure 12

Debt Service Coverage (\$ in 000)			
	FY 2020	Stress Case	Stress Adjustments
Pledged Revenues			
State Road Fund	\$ 440,744	\$ 418,707	FY 2020 -5%
Highway Infrastructure Fund	7,288	5,060	FY 2021 -10%
Federal Revenues	404,543	323,634	2X FY 2014 Decline
Total Pledged Revenues	852,575	747,401	
MADS, 2024	\$ 194,566	\$ 194,566	
Debt service coverage (X)	4.38	3.84	

ESG Management

Environmental Factors

The Department has a specific bureau, the Environmental Bureau, that guides and directs the Department in environmental stewardship, cultural resource management, and public involvement to assist in the environmentally responsible project development and implementation.

As a recipient of federal funds, the Department goes through an environmental review as part of the approval process for projects to become eligible for federal funding.

Further, the Mission Statement of the Department states that its goal is to *"Provide a safe and efficient transportation system for the traveling public, while promoting economic development and preserving the environment of New Mexico."*

Governance Factors

Cybersecurity: The Department maintains up to date protocol to ensure cybersecurity for the Department. They have a Chief Security Officer that works directly for the CIO of the State and manages the implementation of their cybersecurity initiatives. In February of 2021, the Secretary of the Department signed an Administrative Directive as part of a state-wide program which outlines security operation management practices for information system resources and establishes Department-wide focus on security responsibility for dedicated network connections.

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