Exhibit 17

General Fund Consensus Revenue Estimates

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Presentation to the
Revenue Stabilization and Tax Policy Interim Committee
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Executive Summary

The revenue projections we present this morning reflect a strong and growing state economy embedded in a nervous, but apparently recovering, national economy. Oil and Gas revenues are largely responsible for the substantially enhanced estimate of "new money" for the current year, FY 09 and beyond. The following chart summarizes the revenue update.

(Dollars in millions)	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12
December Forecast (adjusted for legislation)	5,666.7	5,769.0	5,949.1	6,131.8	6,378.9	
July 2007 Forecast	5,689.7	5,895.5	6,125.8	6,346.7	6,567.6	6,836.3
Change from previous	23.0	126.5	176.7	215.0	188.6	
Approximate "New Money"			449.8	322.5	279.7	271.7
"New Money" assumes appropriations growth of roughly 1/2 the long term growth by sector beginning with FY09 -- the current budget year. Public education spending is held at its 10-year average increase (6%) until FY2012.. This model assumes $255 million in non-recurring capital outlay, deficiencies and supplementals for FY09, $65 million in FY10. and virtually nothing for FY11 and FY12.						

There are a few points that are made in the full presentation, with its detailed forecast Table 2, that are worthy of repeating in this summary.

1. The national and state economic performance and forecast
2. Oil and gas revenues, including Federal mineral leasing
3. Gross Receipts
4. Effect of cumulative tax rate changes on personal income tax revenues
5. Corporate income tax
6. Structural imbalance in General Fund reserves.

General Fund Consensus Revenue Estimates

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1.0 Introductory Remarks

The revenue projections we present this morning reflect a strong and growing state economy embedded in a nervous, but apparently recovering, national economy Policy decisions by Governor Richardson and the Legislature over the past four and a half years have made New Mexico a better place to live, work and do business. Recent data, surveys and awards have confirmed that the State is moving in the right direction. The success of these decisions is reflected in the revenue forecast. However, we must add the usual advice. Because energy prices are somewhat weaker compared to a year ago and continuing sub-par growth in the national economy will continue throughout the current fiscal year and into the budget year, we advise caution. This report controls the revenue targets for FY09 budget requests due September 1, 2007. In addition to the usual cautionary advice due to the national economy and energy prices, the final revenue data are not in for FY07. Many questions concerning FY07 revenue performance await the final accrued and audited results. The immediate goal is to set a sustainable budget. It is in no one's best interest to overspend in this budget if that would lead to painful cuts or tax increases in FY10 and beyond. Despite the caution, this is not a deliberately conservative forecast, by any means. However, there is more than the usual level of concern over FY08, FY09 and beyond.

As a part of this presentation, we present a preliminary analysis entitled "General Fund Financial Summary" for the years FY08 through FY12. This document assumes the revenues as estimated in this revenue estimate and assumes that spending will expand to reduce and hold General Fund total reserves to 10%. The exhibit indicates that spending will have to be cut to approximately half the average growth of the previous 10 years.

_.J Forecast Highlights

- Total General Fund revenues have been revised upwards from the December estimates, primarily because of recent and continuing strength in oil and natural gas prices. However, in addition to upward revisions for Emergency School Tax and Federal Mineral Leasing revenues, Personal Income Tax and Corporate Income Tax revenues have been revised upwards reflecting FY07 estimated final year-end strength. Gross Receipts Tax revenues have been adjusted slightly downward. Table 1 shows the overall changes from the October forecast.

Table 1 -- Table of Changes from December Forecast					
	FY03	FY04	FY05	FY06	FY07
Recurring Revenues (actual/preliminary)	3,891.11	4,283.00	4,906.26	5,579.60	5,689.67
Recurring Revenue growth	1.14%	10.07%	14.55%	13.72%	1.97%
Revision from December forecast (millions)					24.3
	FY08	FY09	FY10	FY11	FY12
Recurring Revenues (forecast)	5,895.5	6,125.8	6,346.7	6,567.6	6,836.3
Recurring Revenue growth	3.62%	3.91%	3.04%	3.48%	4.09%
Revision from December forecast (millions)	127.5	176.7	204.1	191.5	

- A brief characterization of this forecast is that the State economy continues to significantly outperform the national economy and General Fund revenues are consistent with strong State economic growth.

- Per capita income data for 2005 show New Mexico ranks 46th, above Louisiana, Mississippi, West Virginia, Utah and Arkansas. As recently as 1999, New Mexico was 49th of 51 (including Washington, DC). Average New Mexico per capita income has surged to 81% of the national average.

- Despite a disappointing first-quarter national GDP growth of 1.4%, the national economy has avoided falling into recession and has achieved a "bumpy landing". Of particular national concerns are a slowdown in residential construction and the risk of unacceptably high inflation. The New Mexico economy, however, shows little sign of participating in a national slowdown. Two recent records are of interest: the Dow Jones Industrial Average (DJIA) of the New York Stock Exchange flirted briefly on Tuesday with the psychologically important 14,000 barrier, crossing the barrier for the first time. By the end of Tuesday's session, the DJIA set a new closing record. The DJIA has climbed 12% year to date. The second important record is less sanquine. Both the British Pound and the Euro have set record highs in the exchange versus the dollar.

3.0 National Economic Outlook -- Appendix Table 1

Since the December testimony, the national economic outlook has stabilized in three critical areas:

(1) We seem to have achieved a "bumpy landing" of the US economy, with the trough occurring in 2007:Q1 with announced real GDP growth of 0.6 percent. Global Insight, the state's national macro forecasting service, is expecting a rebound to 3.0% real for the second quarter. The current expansion, which has become the second longest in the post-WWII period, will likely continue well beyond its current 67 months.

(2) The well-publicized crash of the "housing bubble" and the collapse of the sub-prime lending market will hold down GDP growth. Builders and real estate agents are reporting that the housing industry may have experienced the low point in the early fall, but the full effects of the subprime lending market collapse continue to fan out into other sectors of the economy. Some housing markets – principally in California and Florida – were apparently overvalued and are currently and will in the near future experience significant declines in new home construction, sales of pre-owned homes and median prices of new and pre-owned homes. Other markets, including Albuquerque and the rest of New Mexico, will experience a small shrinkage of short duration in new home construction, no absolute decline in median prices and relatively quick recovery to pre-2004 trend growth.

(3) Despite high debt levels, high rate of mortgage defaults and the end of the "housing bubble," consumers will apparently continue their historically high levels of consumption of cars and trucks, consumer electronics and other goods and services. The recent bull market in the various U.S. stock markets has bolstered consumer confidence, even though the increase in household net worth is largely on paper. The University of Michigan's Consumer Sentiment Index continues at relatively high levels, indicating consumers are still prepared to sustain the national economy.

After three consecutive years of real Gross Domestic Product (GDP) growth in excess of 3.0 percent, Global Insight, the state's macroeconomic consulting service, is predicting national growth will slow in FY07 to 2.1 percent. GDP growth will rebound somewhat to 2.6 percent in FY08 (somewhat lower than expected in December) and resume a higher level thereafter. As discussed in December with this committee, the key elements to the slowdown are a dead cold housing market, high energy prices and more cautious consumers. No credible national macro economists are predicting recession. The Federal Reserve Board will probably hold the federal funds rate at the current 5.25% for the remainder of 2007 and well into 2008.

dustries, along with the moderately sized accommodation and food services industry, added a total of 14,800 jobs in the last year. The outlook remains favorable, with many companies expanding their workforces. Although the mining (3,800 new jobs over two years with average annual growth of 11.5 percent) and construction industries (6,000 new jobs over a two year period and average annual growth of 5.6 percent) are relatively small industries, they are two of the four fastest growing sectors 2005:Q2 through 2007:Q2. The very large professional and business services sector gained 17,000 at an average pace of 9.3% per year. The natural resources and mining industry has benefited from higher energy prices and lower interest rates have fueled the construction industry. As expected, construction employment growth has slowed from 10.2 percent in FY06 to 3.0 percent in FY07 and FY08. Natural resources and mining industry employment is likely to continue at historically high levels, although there is little room for growth in the industry. Oil and natural gas drilling rigs working in the state peaked in late November at 101, high a trough at 71 rigs at the end of March and finished the fiscal year at 87.

New Mexico's personal income growth recently revised upwards. We now think that personal income growth for CY2006 was 8.0 percent, up strongly from 6.0 percent reported earlier.[2] Wage and salary growth for FY06 was 8.6 percent with most of the growth in the private sector with forecasted private sector growth of 11.9 percent. Government sector income growth for FY06 was only .5 percent. The forecast for income growth is 8.0% for FY07, 6.7% for FY08 and 6.2% for FY09.

5.0 Oil and Natural Gas Outlook -- Appendix Table 1

Both crude oil and natural gas prices have declined from peak levels reached during mid-summer 2006. High summer prices were driven by unusually warm weather conditions, concerns over potential hurricane-related production cutbacks (the so-called "risk premium") and geo-political risks to crude oil supplies. The absence of hurricane-related outages and positive news on inventory levels allowed prices to drop sharply in October. However, prices for both natural gas and crude oil have firmed since the December revenue estimate. As reported in December, we were expecting the natural gas price weakness to be temporary in nature and that prices were not expected to remain low indefinitely. Low prices persisted only through October. By the end of November, San Juan gas price peaked at $7.61 per mcf. Although recent performance of San Juan gas continues to be mixed, the consensus group increased the average price

[2] Because personal income is used to predict personal income tax collections, we report and discuss calendar or tax year personal income growth, not fiscal year growth as for wages and salaries which are used to predict gross receipts and motor vehicle excise taxes.