

Food Tax Nibbles at All-You-Can-Spend Problem

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In January, state leaders will need to make some hard choices.

One is to rely on spending cuts alone to deal with the state's shrinking capacity to provide important services because of the recession. That would mean making even deeper, more devastating cuts to education, health care and public safety. Or they could choose a balanced approach that includes revenue, so we can keep New Mexico kids and families safe and healthy and our state's future bright.

Some groups want to reinstate the sales tax on groceries that was removed in 2004. But a broad tax increase that would hurt working families is not the best solution. There are better choices.

New Mexico families are struggling under the weight of a crushing national recession. Jobs are being lost, and with them in many cases health care coverage. The cruel irony is that as people's needs are rising, the resources available to the state to meet those needs are dropping by historic levels.

In New Mexico, low revenue has already meant cuts in health care services for children, the disabled and elderly, education funding for our schools, and public safety dollars for communities across the state. A cuts-only approach is short-sighted, and it not only hurts people today but also fails to invest in the future. A balanced approach includes raising revenue through targeted increases that don't hit work-

ing families who are already struggling the hardest.

New Mexico Voices for Children did advocate against removing the sales tax on groceries in 2004, as Michael Zientek and Terri Cole of the Greater Albuquerque Chamber of Commerce noted in their Dec. 14 opinion piece. We took that position because the bill also added a half cent to the state's overall sales tax rate. That meant that most everybody would pay less for their groceries but pay more for everything else.

This wound up hurting the working poor who got little or no benefit from the food-tax cut but did pay more for everything else — non-food necessities like soap, diapers, toothpaste and over-the-counter medications. We didn't think it was right to pass tax relief that stuck it to struggling families. But times have changed, and we don't think reversing that tax cut is the right answer.

Reinstating the sales tax on groceries is the only revenue option the Chamber is backing. But putting taxes back on groceries — especially without repealing the half-cent sales tax increase on other purchases that went with it — would amount to a double hit on working families. This is too big a problem to solve with any single strategy. It calls for a balanced approach that includes targeted revenue generators. That's what most of states have done. At least 30 have passed balanced packages including reasonable spending cuts and reasonable tax increases.

A balanced approach in New Mexico should include:

- Adding a surtax on the very highest incomes — those who benefitted most from previous state and federal tax cuts.

- Rolling back the cut in capital gains taxes, which benefitted the wealthiest New Mexicans the most.

- Ending the policy that lets mostly high-income households take the deduction for state and local taxes twice.

- Closing the loophole that allows out-of-state corporations to avoid taxes on profits they make in New Mexico.

- Making a public accounting of the billions given away every year in business tax exemptions, credits and deductions so they can be evaluated as to whether they are accomplishing their stated economic development goals. If not, they should be ended. Ending just 10 percent of these would almost close the budget gap without raising taxes.

Rather than making it harder for working families to put food on the table, we need to continue our investments in New Mexico's families and infrastructure to better position the state for the day when prosperity returns. We would welcome the Greater Albuquerque Chamber of Commerce as partners in an effort that recognizes, especially in this economy, that we all sink or swim together.

New Mexico Voices for Children is a nonpartisan, nonprofit organization advocating for policies to improve the health and well-being of New Mexico's children, families and communities.

Albuquerque
Journal
Albuquerque,
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12/21/2009
369190

