



## PRESS RELEASE

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CONTACT: Gerry Bradley, Research Director at New Mexico Voices for Children  
505-244-9505 ext. 23 (p); 505-264-0074 (c); gbradley@nmvoices.org  
OR: Sharon Kayne, Communications Director, New Mexico Voices for Children  
505-244-9505 ext. 30 (p), 505-401-8709 (c), 505-244-9509 (f), skayne@nmvoices.org

### **Report: NM Behind the Curve on Tax Reporting, Transparency** New Mexico is one of nine states that lack a tax expenditure report

ALBUQUERQUE—There's always a lot of talk about taxes in April, thanks to the IRS deadline for filing income tax returns. But a new report from the Center on Budget and Policy Priorities says that New Mexico should do a lot more talking about some taxes that they currently keep under wraps.

The CBPP report, *Promoting State Budget Accountability Through Tax Expenditure Reporting*, looks at states' tax expenditure reports – or the lack thereof. Tax expenditures are the state revenue that is given away in the form of tax exemptions, deductions and credits. Tax expenditures are generally used to accomplish policy goals, such as encourage economic growth. A tax expenditure report should look at all of the state revenue that's spent this way and whether the expenditures are meeting their policy goals – much in the same way an appropriations budget quantifies and justifies the state's direct expenditures.

New Mexico is one of just nine states that do not require a tax expenditure report.

"Not having a tax expenditure budget is risky in many ways," said Gerry Bradley, Research Director for NM Voices for Children. "We spend almost as much money this way as we do in the general fund budget, but there's absolutely no scrutiny. Are these tax breaks worth it? No one really knows."

The CBPP report also points out that most tax expenditures are written into the tax code, so are in effect indefinitely unless the Legislature decides to discontinue them, but that rarely happens, no matter how much they end up costing. Also, when policymakers lack this information, they are less able to make informed decisions about how to allocate state resources – and the public and media are kept out of the loop as well.

"This is really about good government, transparent government," said Bradley. "The Legislature had to cut state spending during the last session, but it only looked at direct spending. If legislators had the tools to look at indirect spending the same way, they may have made different decisions," he added.

The Legislature passed a tax expenditure report bill during the 2007 session, but the governor did not sign it. Another bill was introduced in the 2009 session, but was withdrawn after the administration objected. The state Taxation and Revenue Department has said it would create a tax expenditure report anyway, but has since failed to deliver on its promise.

The CBPP's report is available online at <http://www.cbpp.org/files/4-9-09sfp.pdf%20>.

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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.  
2340 Alamo SE, Suite 120, Albuquerque, NM 87106-3523; 505-244-9505 (p); [www.nmvoices.org](http://www.nmvoices.org)