



PRESS RELEASE

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New Report Shows Improvement in State's Tax Fairness for Low Income

ALBUQUERQUE—A new national report released by the Washington, DC-based Center on Budget and Policy Priorities (CBPP) shows that New Mexico is improving in regards to income tax fairness for its low-income families. Among the 42 states that collect income taxes, only 10 states rank better than New Mexico in terms of the income tax levied on working families of four with income at or near the poverty line, according to the report

“This recent legislative session was really good for working families and their children,” said Bill Jordan, Policy Director for New Mexico Voices for Children. “With the two income tax bills just passed by the Legislature, we’ve put a bit more fairness back into our state income tax system.”

Jordan is referring to the just-passed Working Families Tax Credit, which is a state-level version of the federal Earned Income Tax Credit (EITC). Both credits reward hard work and benefit low- and middle-income families. Both federal and state-level versions of the credit have had broad bipartisan support.

The state Legislature also increased personal income tax exemptions for low-income families. “These two bills are a big step toward making New Mexico’s tax structure more progressive,” Jordan said. A progressive tax structure is one in which those making the most money pay the highest percentages. “These are both issues we’ve fought for and we’re grateful for the support shown by both the Legislature and the governor,” he said.

Jordan added that the statewide minimum wage raise, which also passed in the recent session and has been signed by the governor, will further improve things for New Mexico’s children. “When you support your working families, you’re supporting not just the heart of the community, but the state’s economy and its future as well,” he said.

New Mexico still has a broad-based gross receipts tax, which takes a higher toll on low-wage workers than those with high incomes, and Jordan would still like to see the personal income tax threshold – the level at which one begins to pay income tax – raised so that more low-income families are exempted entirely. But the new tax legislation “is an excellent start,” Jordan said.

The complete CBPP report is available online at www.cbpp.org/3-27-07sfp.htm.

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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.

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