



PRESS RELEASE

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Report: 99% of Working New Mexicans Received Tax Cut in 2009 Savings due to tax credits and cuts in President Obama's Recovery Act

ALBUQUERQUE—Nearly every working New Mexican benefitted from tax cuts when filing their federal income tax forms for 2009, receiving, on average, a \$1,012 break. This is the conclusion of a new report by Citizens for Tax Justice, a Washington, D.C.-based think tank.

"While the anti-tax sentiments of the so-called Tea Party crowd are popular at the moment, the fact is that federal income taxes are at historic lows," said Gerry Bradley, Research Director for New Mexico Voices for Children, which does tax policy work through its Fiscal Policy Project. "Certainly people are entitled to their opinions, but if they looked at the facts in this case, they might find their angst is better directed elsewhere."

The tax cuts, which benefitted 99 percent of working New Mexicans, were part of the American Reinvestment and Recovery Act (ARRA). Unofficially known as the 'federal stimulus,' the ARRA was passed in January 2009, during President Obama's first month in office.

"More than a third of the federal stimulus package for New Mexico was slated for tax relief, and that makes sense," Bradley said. "Putting money into the hands of consumers—especially those in the middle and at the lower end of the income spectrum—is a quick way to improve the economy and stave off job losses. Unfortunately, not enough of the benefit went to working New Mexicans on the lower end of the wage scale," he added.

The report concludes that workers who compose the bottom 60 percent of wage earners got less than 40 percent of the tax break benefits, while those in the top 15 percent got almost half of the overall benefit.

Even so, the tax cuts and expanded credits benefit working New Mexicans at all income levels:

- the Making Work Pay Credit benefits all but the richest tax payers;
- the expanded Child Tax Credit and Earned Income Tax Credit mainly benefit low-income workers; and

- relief from the Alternative Minimum Tax (ATM) mainly helps the richest fifth of taxpayers.

Nationally, 98 percent of all workers benefitted from the ARRA tax breaks on their federal income tax returns. The report notes that the stimulus plan also provided assistance to people who were not working in 2009. That assistance included a one-time payment to Social Security recipients and extended unemployment benefits for those who had lost their jobs. These non-tax benefits were not included in the report's calculations.

The entire report is available online at <http://www.ctj.org/obamastaxcuts.php>

The New Mexico fact sheet is attached separately as a pdf and is available at:

<http://www.ctj.org/obamastaxcuts/nm.pdf>

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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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