



Press Release

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NEW REPORT DOCUMENTS SURPRISING LEVEL OF JOB LOSS IN NEW MEXICO DUE TO TAX CUTS –

CONTRADICTS ADMINISTRATION'S CLAIMS OF JOB GROWTH

Albuquerque – New Mexico Voices for Children released a study this week with startling new evidence that the cut in the personal income and capital gains tax is actually causing job loss, rather than the job growth claimed by the Richardson Administration. If fully implemented, these tax cuts will cost the state over 5,000 jobs in 2008 (which is almost one-third of the job growth projected for that year).

The report's author, economist Gerry Bradley, commented: "It works like this: a tax cut of this magnitude (costing the state budget \$166 million this year and \$360 million in 2008 when fully phased in) means that state spending – and therefore state-funded jobs – plummets. An enormous number of jobs are lost. For every \$1 million in tax cuts, 26 state government jobs are lost. Only 12 jobs are created. The net effect is 14 jobs lost for every \$1 million in the tax cut. If the state had chosen, instead, to invest \$360 million in education and healthcare, for example, rather than giving it away in tax cuts, we would have seen 9,400 new jobs in the state."

The findings in the study, titled *Who's Minding The Store? New Mexico's Income Tax Cut: Poor Performance, Wrong Choice*, are consistent with similar studies of the impact of tax cuts on job growth in other states, and at the federal level. A leading economic think tank, the Economic Policy Institute, has published one such study (*Rethinking Growth Strategies*) that concludes that there is little evidence that tax cuts, when paid for by reducing public services, stimulate economic activity or create jobs.

"This is very sobering evidence of an ineffective, but terribly expensive, approach to job development in New Mexico", added Bradley, and should re-direct our state's economic development policy towards investments that work. When polled, the business community consistently says that a good education system and health care are much more important than tax cuts. And we can't pay for education and healthcare if we have huge tax give-aways".

The report is available on New Mexico Voices for Children's website: www.nmvoices.org

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