



## **PRESS RELEASE**

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### **New Report: Administration's Tax Proposal Will Hurt NM-Based Corporations Single Sales Factor Formula would create 'winners' and 'losers'**

ALBUQUERQUE—Governor Martinez has said publically that she won't close a much-discussed corporate tax loophole because she does not want to "pick winners and losers." But that's exactly what would happen if her administration is successful in getting the Legislature to implement the single sales factor formula for determining corporate income taxes in New Mexico, according to a new report.

The report, "Winners and Losers: The Single Sales Factor Formula in New Mexico," points out that the oil and gas extraction industries would be the big winners under the single sales factor formula (SSFF). Manufacturers would also benefit, but retailers would lose out—in fact, they would pay higher corporate income taxes. And corporations that solely do business in New Mexico would not only see no benefit, but it would put them at a competitive disadvantage with multi-state corporations. A loophole that some multi-state corporations currently take advantage of already puts New Mexico corporations at a disadvantage.

The state could also lose as much as half of its current corporate income tax revenue, which could be as much as \$180 million in the coming fiscal year.

"The biggest losers of all would be the people of New Mexico," said Gerry Bradley, New Mexico Voices for Children's Research Director and the report author. "This would be expensive and, at a time when revenues are still anemic, that would likely mean more cuts to essential services—like education, public safety, and health care," he added. "We simply cannot afford more tax giveaways to big out-of-state corporations at a time when our children and families are struggling."

The report also points out that there is no evidence that implementing the SSFF would bring any new manufacturing to New Mexico, lead to new jobs or influence corporate location decisions. "This is another example of a job-killing tax cut," said Bradley. "A few companies reap all the benefit while we continue to lay off more teachers and put more families on a waiting list for child care assistance. How can that benefit New Mexico families?"

The full report is available online at: <http://www.nmvoices.org/wp-content/uploads/2011/12/winners-and-losers-ssff-12-11.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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