

Adequately Funding Essential Services



A **Blueprint** for a State in the **Red**

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February 8, 2017

League of Women Voters of Central NM



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About New Mexico Voices for Children

- Founded in 1987 by three pediatricians
- Non-partisan, statewide advocacy group working to improve child well-being
- Conduct research and analysis of the problems our children and families face
- Educate lawmakers about solutions



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About New Mexico Voices for Children

- New Mexico KIDS COUNT
- Working Poor Families Project
- Fiscal Policy Project/State Priorities Partnership



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Our work on state tax and budget issues

- State budgets are how we invest in our communities and plan for the future:
 - Educate our children
 - Build infrastructure
 - Maintain public health
 - Protect public safety
- These investments add to our quality of life and strengthen our economy.



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Our work on state tax and budget issues

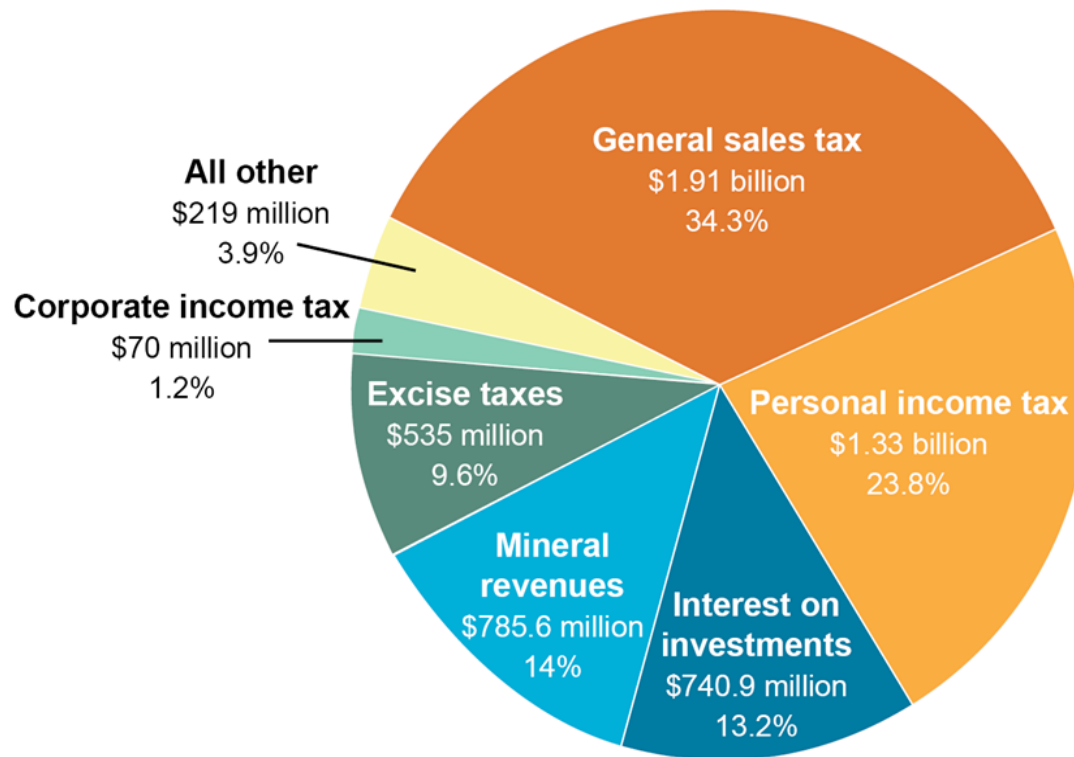
- We pay for these things with tax money collected from people and businesses
- Tax collections must be:
 - Adequate to meet our growing needs
 - Based on ‘ability to pay’



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Where New Mexico gets its tax revenue

New Mexico's general fund revenue sources for FY17



Source: General Fund Consensus Revenue Estimate, December 2016

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Raising new state revenue

- State has been operating in the red for over a year
- Revenue shortfall caused by:
 - Drop in oil and gas prices
 - Years worth of ineffective tax cuts
 - Slow economy (exacerbated by fiscal austerity)



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New Mexicans want a balanced approach

The Governor and Legislature have focused on budget cuts:

- Public schools funding has not kept pace with inflation and student population growth
- Higher education has been cut by more than 30%
- Health care services like school-based health centers and doctor reimbursements have been slashed



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“We can’t cut our way to prosperity”

- Tax cuts for the wealthiest haven’t worked
- Tax cuts for corporations haven’t worked
- Making Swiss cheese out of our gross receipts tax (GRT) hasn’t worked
- Budget cuts haven’t worked



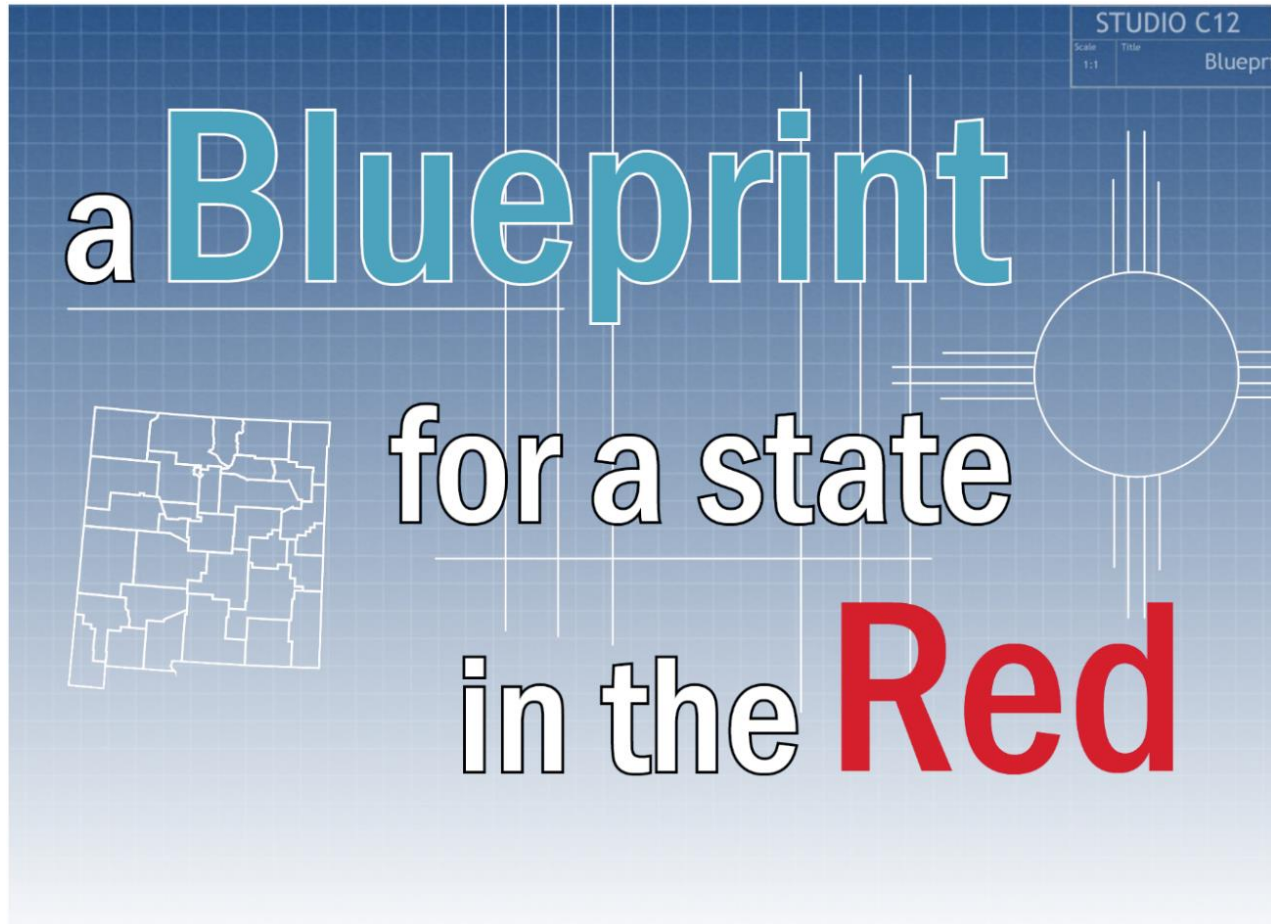
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It is past time for different approach!

- We need to invest in programs that work:
 - Home visiting
 - Child care
 - Higher education
 - School-based health centers
 - Workforce development
- We need revenues to build back our economy



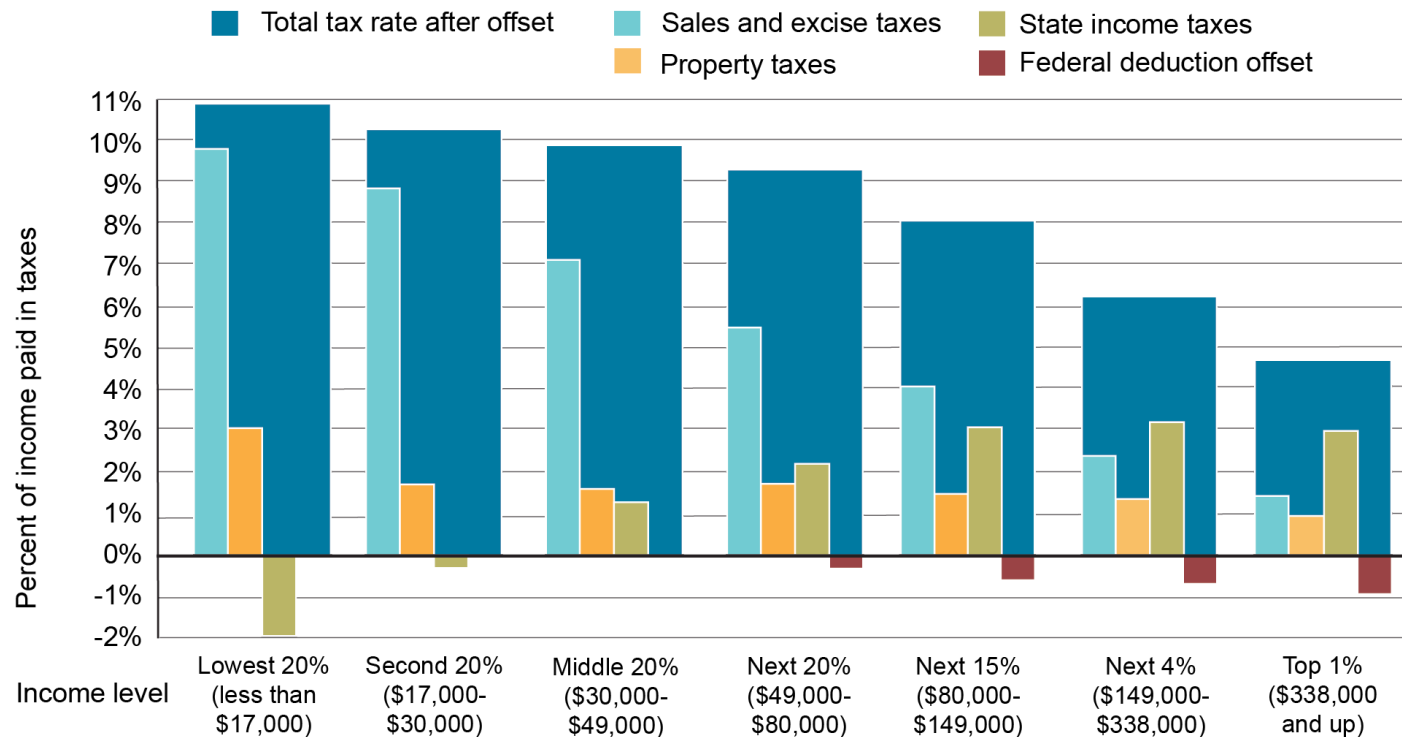
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Those with the lowest incomes pay the largest share of it in state and local taxes

The state and local taxes paid as a share of income by quintile (2015).



Source: *Who Pays?*, The Institute on Taxation and Economic Policy, 2015

Note: Table shows permanent law in New Mexico enacted through December 31, 2014 at 2012 income levels

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Raising new state revenue: Closing loopholes

- Require all out-of-state corporations to pay income tax on their profits in New Mexico
- Extend the gross receipts tax to all internet sales
- End ineffective GRT exemptions



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Raising new state revenue: Repealing/freezing past tax cuts

- Eliminate the 2003 deduction for capital gains taxes
- Repeal 2003 personal income tax cut for those at the top
- Freeze 2013 corporate income tax rate cut
- Freeze 2013 tax break for manufacturers



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Raising new state revenue: Raising rates

- Raise taxes rates on alcohol and tobacco and include e-cigarettes
- Increase the excise tax on new car sales
- Enact a new rate for the highest income earners



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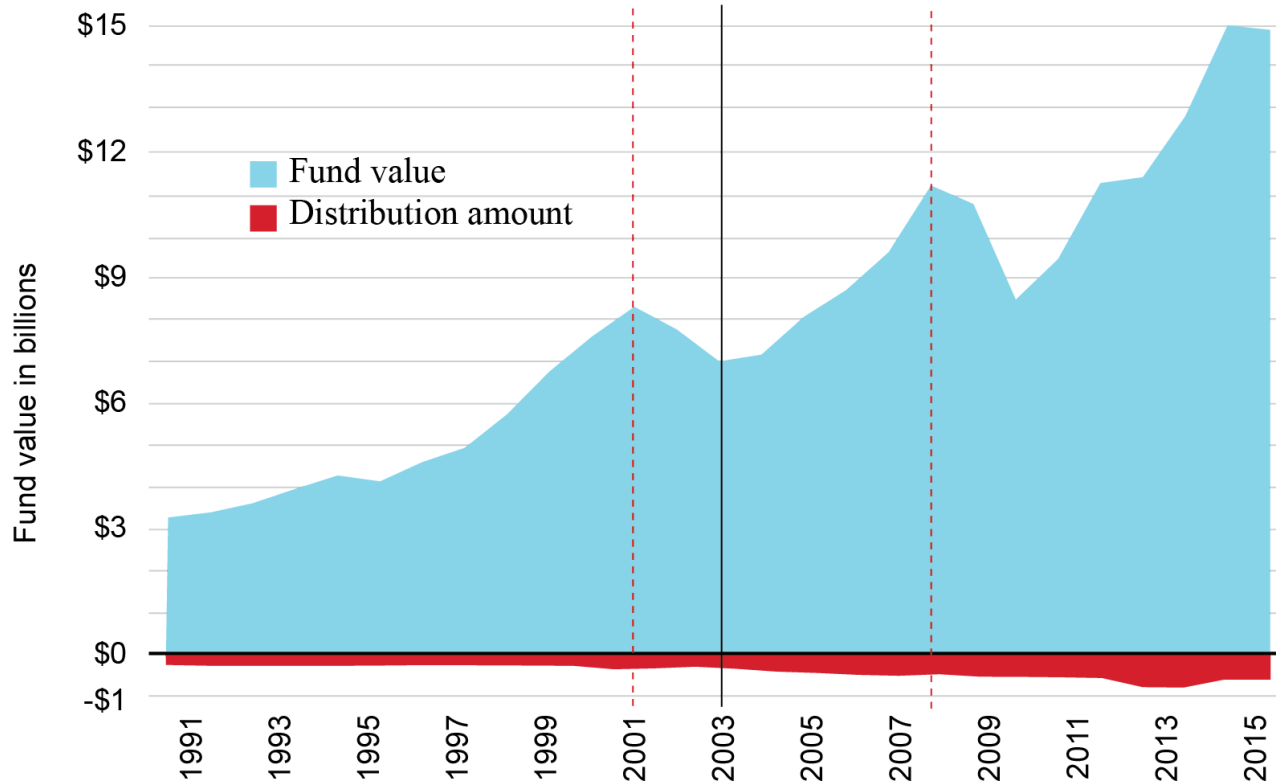
Raising new state revenue: The Permanent Fund

- Increase the amount of money drawn down from the state's Land Grant Permanent Fund and direct a portion of it to early childhood care and education programs



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New Mexico's \$15 billion Land Grant Permanent Fund



Sources: State Land Office and Investment Council reports and audits, NM Voices estimates
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What you can do

- Visit your legislators
- Call or email your legislators
- Call or email the Governor
- Support our work (www.nmvoices.org)



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Questions?

Thank You!

www.nmvoices.org

