

One-day tax holiday aims to draw consumers to hometown businesses

Written by By Sandy Nelson Finance New Mexico
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Once the frenzy of Black Friday fades, Small Business Saturday aims to attract shoppers to local merchants whose stores serve hometown retail needs — not just to keep those businesses healthy in today's hypercompetitive retail environment but also to generate tax revenue that provides vital community services.

To stoke that fire, the 2018 New Mexico Legislature passed a law authorizing a one-day tax holiday that will remove state gross receipts taxes from a variety of retail products on the Saturday after Thanksgiving — one of the year's busiest shopping days, when many people hunt for the best deals on holiday gifts — from 2018 through 2020.

The 24-hour consumer tax relief measure applies to small businesses of 10 or fewer employees only; franchises, no matter how small, are exempted.

It covers a wide range of products, including clothing, sporting goods, artworks, musical instruments, and furniture — as long as the cost of any individual product doesn't exceed \$500.

The tax-free day represents a sacrifice by the state and municipalities to benefit New Mexico businesses, as it is likely to cost the state nearly \$2 million per year in lost revenues and cost local communities their share of the GRT for that day.

The payoff, advocates hope, is that consumers have more incentive to support small,

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independent businesses that often find it difficult to compete against online merchants and big-box retailers. The larger hope is that New Mexicans will continue supporting small businesses throughout the year once they see the benefits of doing so.

Spending money at local businesses rather than large national chains as often as possible enriches local communities in multiple ways.

It reduces the environmental impacts of importing products from other states and countries; supports businesses that employ locals and sell locally produced and locally relevant foods and other goods; and brings vibrancy and energy to neighborhoods and shopping districts, including New Mexico's many colorful downtowns.

The Grasshopper Resources website calls it "a day to support the little guys." And initiatives like the Shop Small movement dovetail neatly with the annual event to generate year-round enthusiasm for spending money close to home, where it can be used to provide public safety, parks, social services and other amenities that give a community its character and livability.

Since Small Business Saturday began in 2010, "U.S. customers have reported spending an estimated total of \$85 billion at independent retailers and restaurants — that's \$85 billion over eight days alone," according to aggregate statistics reported by the American Express Company on a webpage dedicated to Shop Small and Small Business Saturday.

Both efforts elevate public awareness that regularly patronizing small, independent stores, restaurants, bars and other businesses sustains communities beyond job creation and tax receipts.

It also supports the people who take significant financial risk to offer products and services they know their neighbors want and need. And when these entrepreneurs prosper, local communities retain their color and independence; they're more than just an amorphous sea of malls and chain stores.

By shopping locally on Small Business Saturday — and every chance they get throughout the

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year — New Mexicans help themselves and their communities for the long term.

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