

### Suggests tax changes

ALBUQUERQUE - New Mexico Voices for Children released a policy brief Oct. 11 recommending that lawmakers protect future budgets by diversifying the state's revenue sources.

The top five reasons are as follows:

1. New Mexico is dependent on the boom-and-bust cycle of the oil and gas industry.
2. A number of indicators show the oil and gas industry is in a long-term decline.
3. New Mexico needs to transition away from fossil fuels for the health and well-being of the children in the state.
4. The state already has unmet revenue needs and they are expected to grow.
5. Raising adequate and sustainable revenue can help promote equity in New Mexico communities.

The policy brief shows, oil and gas extraction to be an extremely unstable source of revenue that the state depends upon for funding essential programs like education. While that may seem irrelevant during boom times, Voices for Children says it is important to remember that every past oil- and gas-fueled revenue boom has been followed by a bust and subsequent budget cuts to education and health care.

## New Mexico Voices for Children says state must diversify revenue sources

Written by Gallupsun Staff  
Friday, 22 October 2021 04:26

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“When we’re in an oil boom, too many policymakers seem to suffer from collective amnesia about the bust times,” James Jimenez, executive director of the child advocacy organization, said. “Oil extraction is a volatile industry and it’s unwise to put too much reliance on it for revenue we need every year.

“Unfortunately, because of years of tax breaks based on failed trickle-down economic theory, that’s where we are.”

The policy brief makes note that approximately 30 per cent of the state’s revenue for the operating budget comes from oil and gas extraction. And when the industry is in a bust phase, lawmakers have often dealt with the loss of revenue by making steep spending cuts to education, health, and public safety programs, which help families and the economy prosper.

While policymakers have taken steps in recent years to bolster state reserves in order to buffer the state from dramatic revenue fluctuations, the brief argues that, long-term, New Mexico’s economy and revenues need to be diversified in order for the state to have a bright future that works for all New Mexico families.

“Aside from the boom-and-bust nature of fossil fuel extraction, the industry itself is in a long-term decline,” Research and Policy Analyst Paige Knight, who authored the policy brief, pointed out. “Changes in energy consumption, the rise of renewable energy resources, and the growing public concern over climate change, all point to the need for the state to take revenue diversification seriously.

“Fortunately, the current revenue surplus gives lawmakers some breathing room, allowing them to do some future planning that will strengthen the state budget over the long term,” she said.

In addition to exploring the top five reasons the state should diversify its revenue sources, the policy brief also includes several recommendations for how that could be done in ways that would also make our tax system more just.

Among them are raising the income tax rates for the state’s highest income earners; reforming

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or repealing itemized deductions, fully repealing the capital gains preference, enacting a “mansion tax” on high-value or second homes, establishing a corporate minimum tax of \$500 or more and raising the gas tax.

***For more about raising adequate revenue on which New Mexico can rely, visit [nmvoices.org/archives/16217](https://nmvoices.org/archives/16217)***