Written by Gallupsun Staff
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Dear Editor,

New Mexico's greatest asset is its cultural, ethnic, and racial diversity. Our people are the heart of our state, and now, our Legislature is recognizing that in a big way. It's not an exaggeration to say that the tax omnibus bill currently under consideration (HB 547) does more to improve economic opportunity and equity in our tax code than any legislation in our state's history.

The bill cuts personal income taxes for more than 94% of New Mexicans and provides nearly a billion dollars in tax cuts for everyday New Mexicans – workers, parents, veterans, rural health care professionals, and child care providers all receive targeted benefits. Increases in the Child Tax Credit benefit 350,000 New Mexico kids in a way that is proven to improve child outcomes, and tax benefits for New Mexicans earning low incomes help ensure everyone can afford basic necessities.

On top of targeted relief, the bill has many provisions that broadly enhance economic opportunity statewide. The cut to the gross receipts tax rate – the most significant in New Mexico's history – will benefit every resident and business alike without undermining the integrity of the tax base. Rebates for every New Mexican mean that folks will have assistance in meeting basic needs and more money will be circulating in our local economies.

Building on tax policies enacted over the last few years that improved equity and fairness in the tax code, the bill remedies some of the failed trickle-down tax policies that overwhelmingly favored those who already had the most money. By restructuring personal income tax rates and making common-sense improvements to how we collect corporate taxes, the bill addresses some of the unfair breaks passed in 2003 for the wealthiest households and in 2013 for big, multi-state corporations.

Another highlight of the bill is how it addresses capital gains. The current deduction allows those who profit from investments to keep a whopping 40% of that income tax-free. The vast majority of capital gains income goes to a small group of tax filers – all of whom have income at least twice that of typical households. Perhaps the most distressing aspect of the way New Mexico currently treats capital gains is that it means the profits made from the sale of an asset or investment are taxed at a lower rate than the wages that hard-working New Mexicans earn through work. Limiting this unfair give-away by simply treating capital gains income the same as we currently treat hard-earned wages is just one of the many ways that HB 547 brings economic fairness and racial equity to the state's tax code.

All of these changes have been researched, discussed openly, and vetted by tax committees in both chambers in a process that is notable for its rigor, transparency, and accessibility.

New Mexico has recently become a recognized leader in the nation for passing tax policy that puts families first. Policymakers have a unique opportunity this session to build on that progress in a big way and make smart and significant improvements to our tax code by passing HB 547. We love to see areas where the state leads, and this is one more area where we have a chance to build the foundation for a bright future where all New Mexicans can thrive.

Sincerely,

Amber Wallin, MPA, Executive Director at New Mexico Voices for Children

Kelly O'Donnell, PhD, independent economist