Shoppers praise end to food tax

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A visit to the grocery store will be less taxing beginning Saturday.
That's when the state's 5 percent gross-receipts tax on food disappears.
But to make up for state and local tax revenues that will be lost by
repeal of the 71-year-old food tax, the gross-receipts tax on just about
everything else will increase by 0.5 percent.
The Jan. 1 end to the food tax was mandated by the Legislature back in
February, when it approved the repeal at the urging of Gov. Bill
Richardson, who called it "a middle-class tax cut."
Shoppers interviewed Wednesday
at the John Brooks Supermarket at
Candelaria Road and 12th Street
Northwest praised the food tax
repeal and expressed little concern the
gross-receipts tax on other purchases
would increase.
"I like taking off the food tax," said

TAX from A1

Don Dougherty, 53, an Albu-
querque high school teacher.
"Personally, it's not going to af-
flect me very much. But for some
people it can't hurt."
"I think it's tremendous. I real-
ly do," said Martha McGarry, 67,
director of a prayer center. "Food
is a necessity. People shouldn't
have to pay a tax on it."
What about that balancing 0.5
percent tax increase on nonfood
purchases? "I mostly buy food,"
McGarry said.
"Everybody buys food, but not
everybody buys other things," said Helen Wolfe. She's 60, a re-
tiree from Connecticut (which
has no food tax), and she's Ul-
tom's aunt, who just coinciden-
tially was shopping at the same
time he was.
The state Taxation and Revenue
Department has estimated that
elimination of the food tax, and a
6 percent gross-receipts tax on
medical services paid for by health
management companies and pri-
ivate contract insurance plans, will
cost the state $142.3 million in rev-

\begin{align*}
\text{inve}nue in the coming year, while the
\text{rise in gross-receipts tax on other}
\text{purchases will increase revenue by}
\text{$144.8 million, for a net decrease of}
\text{2.5 million.}
\end{align*}
But the department estimated
that for 82,000 households eligi-
ble for federal food stamps with
incomes of less $15,000 a year,
the changes in taxation would
cost $6 a year, because those
who use food stamps are already
exempt from food taxes.
Under the legislation passed in
February, cities and counties that
depend on state distribution of
gross-receipts tax revenues for
their own budgets are to be "held
harmless" for the lack of food tax
revenues paid within their
boundaries. They will receive
their shares of receipts as if the
food tax were still being paid.
Fred Nathan, executive direc-
tor of Think New Mexico, a Santa
Fe think tank, said that with
the food tax gone, the average
New Mexico "working family of
four" will see an annual tax sav-
ing of about $250.