

Shoppers praise end to food tax

Albuquerque Tribune

DEC 30 2004

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A visit to the grocery store will be less taxing beginning Saturday.

That's when the state's 6 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

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Don Dougherty, 53, an Albuquerque high school teacher. "Personally, it's not going to affect me very much. But for some people it can't hurt."

"I think it's tremendous. I really 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 retiree from Connecticut (which has no food tax), and she's Ullom's aunt, who just coincidentally 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 private contract insurance plans, will

cost the state \$142.3 million in revenue in the coming year, while the rise in gross-receipts tax on other purchases will increase revenue by \$144.8 million, for a net decrease of \$2.5 million.

But the department estimated that for 82,000 households eligible for federal food stamps with incomes of less than \$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-receipt 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 director 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 savings of about \$250.

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