

## Governor should veto attempt to bring back food tax

**C**utting the food tax is the right thing to do. It's the fair thing to do.

This is a major victory in my overall commitment to dramatically overhaul New Mexico's tax code. Now, by signing this historic legislation, hundreds of thousands of New Mexicans will get the tax cut they deserve, elimination of the food tax, elimination of the 'temporary tax' passed in the 1930s." < Gov. Bill Richardson, March 10, 2004, upon signing HB 625, which eliminated the gross receipts tax on food and medical services.

Of all the hundreds of bills passed during the last eight years that have contributed to the state's \$600 million deficit - bills that added new cabinet departments, flattened the income tax rates, created new spending programs or gave tax breaks to any number of businesses and industries - the food tax bill of 2004 is the one they chose to rescind?

The Legislature also increased the tax on cigarettes by 75 cents a pack this special session, because it's easy to pick on smokers. Drinkers will be next. And if you have a sweet tooth, don't feel too comfortable.

They increased the gross receipts tax overall. And, in the only part of the tax-hike package that was not regressive, they eliminated a deduction for high-income filers who itemize their federal returns.

A task force headed by Taxation and Revenue Secretary Rick Homans last year laid out the pros and cons of more than 30 proposals to increase revenue.

The worst idea on that list was reinstating the food tax. In tough times,

folks can do without a lot of things. But we've all got to eat.

The state first made the fateful decision to tax food in 1934, with property taxes dwindling because of the Great Depression. Residents were told the Emergency School Tax would be temporary, according to a 2001 analysis by the public policy group Think New Mexico, but the next year it was made permanent. In 1962, money from the tax was moved from education to the general fund.

In the 1990s, states throughout the nation recognized the regressive, pernicious nature of a food tax, and moved to abolish it. New Mexico was a bit behind the curve, but finally got rid of its food tax in 2004. Now, with the state in the grips of a recession and unemployment soaring, the Legislature wants to bring it back.

One of the mantras of the just-concluded special session was that there should be a "shared sacrifice" when it comes to tax hikes and spending cuts.

Reinstating the food tax certainly accomplishes that. It will impact everybody in the state, but that impact will be disproportionate based on income and family size. Those who earn the least will be hurt the most.

Working families with hungry children to feed will be hit especially hard.

In a news release following the special session, Richardson said he was "concerned that the Senate insisted on including a food tax, which is regressive and hurts working New Mexico families, as a part of this package."

It may require additional spending cuts, but Richardson would do New Mexico families a favor by vetoing the food tax.

Walter Rubel has been a newsman for more than 25 years and is managing editor of the Sun-News. He can be reached at [wrubel@lcsun-news.com](mailto:wrubel@lcsun-news.com).



Walter  
Rubel

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